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Calendar No. 584

87TH CONGRESS }
1st Session }

SENATE

{ REPORT
No. 612

FOREIGN ASSISTANCE ACT OF 1961

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ON

S. 1983



JULY 24, 1961.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
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CONTENTS

	Page
1. Main purpose of the bill	1
2. What the bill provides	2
3. Committee action	3
4. Committee comments	4
5. Provisions of the bill:	
Part I:	
Chapter 1. Statement of policy	7
Chapter 2. Development assistance	8
Title I. Development Loan Fund	8
Title II. Development grants	12
Title III. Investment guarantees	14
Title IV. Surveys of investment opportunities	17
Title V. Development research	18
Chapter 3. International organizations and programs	19
Chapter 4. Supporting assistance	21
Chapter 5. Contingency fund	23
Part II:	
Chapter 1. Statement of policy	24
Chapter 2. Military assistance	24
Part III:	
Chapter 1. General provisions	27
A. Free enterprise and private participation (sec. 601)	27
B. Small business (sec. 602)	28
C. Shipping on U.S. vessels (sec. 603)	28
D. Procurement (sec. 604)	29
E. Retention and use of items (sec. 605)	29
F. Patents and technical information (sec. 606)	30
G. Furnishing of services and commodities (sec. 607)	30
H. Advance acquisition of property (sec. 608)	30
I. Special accounts	31
J. Transfer between accounts (sec. 610)	31
K. Completion of plans and cost estimates (sec. 611)	32
L. Use of foreign currencies (sec. 612)	32
M. Accounting, valuation, reporting, and auditing of foreign currencies (sec. 613)	32
N. Special authorities (sec. 614)	33
O. Contract authority (sec. 615)	34
P. Availability of funds (sec. 616)	34
Q. Termination of assistance (sec. 617)	34
R. Economic assistance to Latin America (sec. 618)	34
S. Assistance to newly independent nations (sec. 619)	35
Chapter 2. Administrative provisions	35
A. Exercise of functions (sec. 621)	36
B. Secretaries of State and Defense (sec. 622-623)	37
C. Statutory officers (sec. 624)	37
D. Employment of personnel (sec. 625)	38
E. Experts, consultants, and retired officers (sec. 626)	40
F. Detail of personnel to foreign governments and inter- national organizations (sec. 627-630)	40
G. Missions and staffs abroad (sec. 631)	41
H. Allocation and reimbursement among agencies (sec. 632)	41
I. Waivers of certain laws (sec. 633)	43
J. Reports and information (sec. 634)	43
K. General authorities (sec. 635)	44
L. Provisions on uses of funds (sec. 636)	45
M. Administrative expenses (sec. 637)	48

5. Provisions of the bill—Continued	
Part III—Continued	
Chapter 3. Miscellaneous provisions.....	49
A. Effective date (sec. 641).....	49
B. Statutes repealed (sec. 642).....	49
C. Saving provisions (sec. 643).....	51
D. Definitions (sec. 644).....	51
E. Unexpended balances (sec. 645).....	52
F. Construction (sec. 646).....	53
Part IV: Amendments to Other Laws:	
A. Federal Property and Administrative Services Act of 1949 (sec. 701).....	53
B. Mutual Defense Assistance Control Act of 1951 (sec. 702).....	53
C. Agricultural Trade Development and Assistance Act of 1954 (sec. 703).....	53
D. Joint resolution to promote peace and stability in the Middle East (sec. 704).....	54
E. International Health Research Act of 1960 (sec. 705).....	54
F. Act to provide for assistance in the development of Latin America (sec. 706).....	54
G. Improper currency transactions abroad (sec. 707).....	54
6. Changes in existing law.....	55

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{ REPORT
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FOREIGN ASSISTANCE ACT OF 1961

JULY 24, 1961.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

R E P O R T

[To accompany S. 1983]

The Committee on Foreign Relations, having had under consideration the bill (S. 1983), the Foreign Assistance Act of 1961, reports the bill favorably with amendments and recommends that, as amended, it be passed by the Senate.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to give vigor, purpose, and new direction to the foreign aid program. Thus, the stress of the program is shifted to development loans repayable on manageable terms and conditions but in dollars. Long-term financing becomes available to the new aid agency, a simpler structure which will include the Development Loan Fund and the International Cooperation Administration. Less emphasis is placed on and fewer funds are granted to direct support programs. Self-help and long-term development planning are now the chief criteria against which the bulk of economic aid is programed.

Funds for categories of economic and technical assistance other than the contingency fund, are authorized to be made available until expended. The same is true of military assistance. This means that unused funds in these categories are carried over into another fiscal year instead of automatically returning to the Treasury. The bill, in short, stresses orderly economic growth and gives continuity to the programs that will encourage and sustain much of this growth.

2. WHAT THE BILL PROVIDES

The following table shows the appropriations authorized by the bill for fiscal year 1962, plus 5-year borrowing authority, and compares these figures with the amounts requested by the administration.

[In millions]

	Administra- tion request	Committee authorization
Development grants.....	\$380.0	\$380.0
Investment surveys.....	5.0	5.0
Development research.....	20.0	(1)
International organizations.....	153.5	153.5
Supporting assistance.....	581.0	450.0
Contingency fund.....	500.0	300.0
Military assistance.....	1,885.0	* 1,800.0
Administrative expenses.....	51.0	51.0
Total.....	3,675.5	3,139.5
Borrowing authority.....		
Loan repayments.....	900.0	1,187.0
	287.0	
Total.....	1,187.0	1,187.0
Grand total.....	4,762.5	4,326.5

¹ Authority to spend funds available for pt. 1.

* The committee imposed a \$55,000,000 ceiling on military assistance to be furnished to Latin America. A sum equal to the amount by which the ceiling reduces the military program planned for Latin America this year will be transferred to the funds made available for development grants in that area.

In addition, the bill contains these major provisions:

(1) It repeals and supersedes the Mutual Security Act of 1954, as amended.

(2) It authorizes funds that will remain available until expended for development grants, supporting assistance, investment surveys, international organizations and programs, and military assistance that will remain available until expended. The primary purpose of providing this kind of authority is to discourage the practice of hastily obligating funds near the end of the fiscal year in order to place aid administrators in a stronger position to seek further appropriations.

(3) The development loan program is given long-term financing with authority to borrow up to \$1.187 billion from the Treasury in fiscal year 1962 and \$1.9 billion in each of the following 4 fiscal years.

(4) The military assistance program is given a 2-year authorization at the level of \$1.8 billion a year.

(5) The President is authorized to draw on up to \$200 million of existing Department of Defense stocks for the military assistance program.

(6) The sum of \$5 million is authorized for the purpose of encouraging surveys of investment opportunities by private interests (title IV). This is a new authorization.

(7) Authority is provided to carry out programs of development research into various problems of economic and social development (title V). This is a new authorization.

(8) Technical cooperation programs are continued, but within the framework of a new category, development grants, which will emphasize the development of human resources and the institutions necessary to social and economic development.

(9) Authority is provided to continue issuing investment guaranties up to \$1 billion total face value. Also, in special situations the

President may issue guaranties against a portion of loss due to any risks not otherwise insurable. The authority for guaranteeing risks of this character is limited to \$100 million.

(10) The aid program is reorganized. A new aid agency will be established within the Department of State. The International Cooperation Administration is eliminated, and the Development Loan Fund in a new form is to become a part of the new agency. Provision is also made for improved administrative and personnel practices.

(11) There is provided a \$5 million revolving fund for the procurement of excess Government property that can be utilized by the aid program.

3. COMMITTEE ACTION

On March 22, the President delivered to the Congress a special message on foreign aid, and on May 26 Senator Fulbright introduced, by request, the administration bill (S. 1983), which was transmitted in a communication from the President and incorporates his proposals.

The committee formally opened hearings on the bill on May 31 with the appearance of Secretary of State Dean Rusk, who also met with the committee in executive session at the conclusion of the hearings. In all, the committee held 15 days of hearings, in both public and executive session. These have been published in two parts, with security information deleted, and are available to Members of the Senate and the general public.

Following Secretary Rusk, the committee heard testimony from, among other administration witnesses, Secretary of the Treasury Douglas Dillon; Secretary of Defense Robert S. McNamara; the Chairman of the Joint Chiefs of Staff, General Lyman Lemnitzer; the U.S. Representative to the United Nations, Adlai Stevenson; the Under Secretary of State for Economic Affairs, George Ball; and Assistant Secretary of Defense for International Security Affairs Paul Nitze. Mr. Henry Labouisse, Director of both the International Cooperation Administration and the President's Foreign Aid Task Force, and Frank M. Coffin, Managing Director of the Development Loan Fund, testified, and were available to the committee throughout the course of the hearings. Other members of the President's Foreign Aid Task Force and representatives from the Departments of State and Defense also testified.

In addition to the executive branch witnesses, the committee had testimony from Senator Everett M. Dirksen, of Illinois, and from a number of public witnesses. These included representatives of the International Chamber of Commerce, the U.S. Chamber of Commerce, the National Council of Churches of Christ, the Citizens Foreign Aid Committee, the AFL-CIO, the American Farm Bureau Association, the Americans for Democratic Action, the National Association of Home Builders, the League of Women Voters, the National Congress of Parents and Teachers, the Citizens Committee for UNICEF, the International Economic Policy Association, the Committee for a Democratic Spain, the Women's International League for Peace and Freedom, the Friends Committee on National Legislation, the Cooperative League of the U.S.A., the General Board of Christian Social Concerns of the Methodist Church, the Board of Missions of the Methodist Church, and the Council for Christian Social Action of the United Church of Christ. As in past years, the nongovernmental testimony was predominantly favorable to the program.

The committee was especially concerned with making certain that the needs of Latin American countries are fairly reflected in this bill. Information furnished by the executive branch indicates that, subject to congressional appropriations, roughly \$300 million in economic assistance authorized by this bill are expected to be used in Latin America. In addition, about \$350 million of funds available for the social development program for Latin America are expected to be used for fiscal year 1962. To these amounts there must be added from the Export-Import Bank loans and activities under the food for peace program. Thus, there is expected to be used in Latin America for fiscal 1962 in excess of \$1 billion.

On June 26 the committee began marking up the bill in executive session. During this meeting and subsequent meetings on June 28, July 6, 7, 10, 13, 14, 17, 18, 19, 20, and 21, the committee went over the bill section by section and also gave careful consideration to each amendment which had been proposed by any Member of the Senate. On July 24, the committee voted 13 to 4 to report the bill favorably as amended.

4. COMMITTEE COMMENTS

The committee believes, no less than the President, that the United States must plan for and contribute generously toward a decade of development. Foreign aid is both an unavoidable responsibility and a central instrument of our foreign policy. It is dictated by the hard logic of the cold war and by a moral responsibility resulting from poverty, hunger, disease, ignorance, feudalism, strife, revolution, chronic instability, and life without hope.

Foreign aid has entered a new phase. The major powers of Western Europe, themselves the most prominent beneficiaries of external assistance, have elected to make important contributions to the development of the southern continents. A primary purpose of the Organization for Economic Cooperation and Development is to coordinate the assistance programs of the Western Powers and Japan. The development problems of some countries are already being tackled on a multi-lateral basis. The aid-to-India and aid-to-Pakistan programs are examples. In short, the pattern for the future of foreign aid is being laid down now; and 1961 should be regarded by future historians as the transitional year in which the United States, Japan, and West Europe joined their efforts to narrow the dangerously widening gap between the rich societies and the poor.

This does not mean that the aid responsibilities of the United States will lighten. It means instead that the other capital exporting nations of the non-Communist world are prepared to make proportionately similar contributions. Together with the United States, these countries possess the greatest financial, scientific, and technological resources in the world. However, time is the impartial but controlling element in the struggle between the rival power blocs. And the essence of the West's responsibility is to use its resources imaginatively and generously as time moves a swiftly changing world into an uncertain future.

The foreign aid program is many things to many different Americans. And something may be said in defense of several different points of view. To some, the program is a continuing burden. That is true in the sense that some \$80 billion has been loaned or

granted to other countries in the past 15 years (or about 1½ percent of our gross national product in this period). To others, foreign aid, on balance, has been a failure. And it is true that in some countries—Korea and Laos are examples—an enormous amount of money has been spent with something less than success.

But to many thoughtful citizens, foreign aid represents the only means of alining this country and its allies with the forces that are shaping the world that lies ahead. It may be that in a few countries our aid programs have created problems instead of disposing of them; that some societies have not been helped by aid, only propped up. But as the Secretary of State recently observed, "History does not reveal its alternatives." Without American aid, many countries that today are independent might have been transformed into Communist puppet states. And the opportunity to assist poor but independent societies toward productive and compatible ends still remains before us.

The history of foreign aid is brief. Some members of this committee, along with other Senators, have had intimate acquaintance with the aid programs from the beginning. They were able to measure the funds programed for the Marshall plan against the scope of Europe's problems. Since then, they have studied aid programs on the ground all over the world, issued reports of their findings, and authorized comprehensive studies of the problems of development. Against the background of that experience, the committee members can offer some useful observations on the record of American foreign aid.

First, the temptation to compare the results of the Marshall plan with other programs must be avoided. Basically, Western Europe needed only capital to regain economic health. Experience, established institutions, and residual technology did the rest. Elsewhere in the world, especially in the underdeveloped southern continents, these factors are absent. There, the successes of our programs are far less visible and hence more difficult to evaluate. There, the growth process is slow. Yet thanks largely to the aid programs, there has been measurable progress in these areas. Improved agriculture, budding institutions, accruals of technical skills, more efficient use of capital and other resources, low-cost housing, infrastructure development—these are the slowly materializing benefits in many countries of American aid. More basically, aid programs in some countries have kept economic growth and human consumption levels in reasonable balance with population increase. That is not an obvious accomplishment, but it is an accomplishment of obvious importance. At present levels of population growth in some countries, it is difficult to see how this accomplishment can be maintained through the next decade.

It can be truthfully said that the aid program has been indispensable. But it can also be said that it has fallen short of the millions of words that have been uttered in its behalf. To some extent, this was inevitable. Hope usually tends to exceed feasible expectation. Moreover, foreign aid is new to human endeavor, with no earlier history from which to draw conclusions. Yet with that said, it must be added that several of our aid programs have accomplished less than might reasonably have been expected. The failure to separate long-range objectives from immediate problems has diluted the impact of the program in many countries. In others—Korea again is a prominent example—the need to maintain a large, well-equipped army has

hobbled development programs. In short, the future—sometimes of necessity—has been neglected for the present.

Our brief experience shows that foreign aid is everywhere a difficult and complex undertaking. In Asia, Africa, and Latin America, old and traditional social structures are breaking down. This is a dynamic but disruptive process. Established institutions are being swept away, often before new ones are ready to replace them. General illiteracy is a barrier to progress in many countries. Surpluses of unskilled labor generate strong pressures in some of these. Another source of instability is the frustration of persons who have received higher education, but cannot find a place in society for which education qualifies them. Thus, the slow pace of economic growth has the parallel consequence of stifling social development, as well. And the disaffection of this essentially urban element often spills over into the countryside and gives expression to the discontent of peasants living on the thin edge of subsistence.

Economies have stifled growth in a great many countries. The per capita income in these societies scarcely keeps pace with population increase, and in some cases lags behind. Capital formation is held down in many societies by consumption levels, which while low by North American standards, are out of proportion to gross national product. In order to appease elements of instability, the leaders of these countries have felt compelled to set living standards above the ability of their economies to support them. The result is inflation, which often produces compensatory boosts in interest rates that are already oppressively high. Black marketeers and usurers flourish in such a climate. Land reform becomes meaningless, because of the inability of poor beneficiaries to borrow money for seed, equipment, and so forth on manageable terms. The social consequences of this vicious dilemma are predictably disruptive.

Another problem is the extreme dependence of several of the poorer countries upon the world demand for the raw materials that they export. A fluctuation in the price of a single product can cripple promising development programs. A partial solution would be reducing the dependence of some countries on exports of single commodities and also developing their processing and manufacturing capabilities to produce locally some goods which are now imported. The problem is finding the capital to finance such facilities, to say nothing of trained people to manage them.

These are some of the hard problems with which we try to cope through our foreign aid program. The committee believes that the lessons of the past must be applied to the aid programs that lie ahead. It must first of all be clear that no amount of aid can materially improve a society whose leadership is not strongly committed to economic and social development. Foreign aid, if provided under the wrong circumstances, can itself be a disruptive force. The primary responsibility for growth and development is not on the aid donor, but on the recipient government. A donor country can provide the additional human and capital resources, but should do so only when the regimes in question have brought their domestic policies into line with the needs and legitimate purposes of their peoples.

Second, programs must be clearly related to the long-range goals of a recipient country as defined within a general economic and social development plan. Heretofore, our programs have been too heavily

influenced by military considerations, by "impact" projects, by temporary and sometimes illusory political urgencies.

Third, the United States must be able to make long-term commitments to societies that have embarked on genuine economic and social reform. To deny this flexibility would amount to crippling the proposed program and perpetuating some of the serious deficiencies of past programs. An administration official recently stated the problem quite succinctly:

We know in our hearts that we are in the world for keeps, yet we are still tackling 20-year problems with 5-year plans, staffed with 2-year personnel working with 1-year appropriations. It's simply not good enough.

The committee, having tried unsuccessfully to incorporate borrowing authority in past legislation, sympathizes with this point of view.

The committee believes that the bill before the Senate reflects an understanding of past mistakes and future requirements. The most glaring of these past mistakes has been a weakness in administering the aid programs. This bill seeks to give the aid program new direction, spirit, and purpose, while retaining the most productive features of the existing legislation. The committee hopes that a multilateral approach can receive greater emphasis with respect to newly independent countries, especially those in Africa. In the interest of stability, some other elements of current programs are carried over, but will be phased out in subsequent legislation. In short, the bill before the Senate gives foreign aid the necessary but moderate shift in direction in this transitional year of 1961.

5. PROVISIONS OF THE BILL

PART I

CHAPTER 1. STATEMENT OF POLICY

Section 101 declares that part I may be called the Act for International Development of 1961. This act supersedes the nonmilitary provisions of the Mutual Security Act of 1954, as amended.

A. STATEMENT OF POLICY

Section 102 sets forth a statement of policy that is comparable to that contained in the existing law. However, some new points are added. The principle of continuity is stressed. Economic aid is to be based upon long-range plans which are related to the social as well as economic aspects of development. Aid programs will be responsive to the efforts of peoples to help themselves. The emphasis of the program will be placed on long-range development assistance. Such assistance will be complemented by the furnishing of surplus agricultural commodities under other acts. The effectiveness of aid programs will be sharpened by research designed to improve existing techniques. As a matter of policy, assistance will be provided in some areas for the purpose of promoting stability. It is also the policy of the United States to contribute to programs conducted by the United Nations and other international organizations

which are directed toward economic, social, and scientific progress, as well as the relief of human distress.

Carried over from the policy statement in the existing law is a reaffirmation of the principle that world peace and the survival of free institutions in the United States can best be assured by preserving human dignity and expanding freedom. To this end, it is observed that the United States has in the past assisted other societies in their efforts to improve living conditions and fulfill the aspirations of their peoples. Congress declares that the United States must "renew the spirit which lay behind these past efforts," thus demonstrating that economic growth and democracy can go hand in hand; and that an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity.

Congress also declares that the United States "supports the principles of increased economic cooperation and trade among nations, freedom of the press, information and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties."

Finally, Congress urges that all other countries able to contribute join in a common undertaking to meet the goals contained within this statement.

CHAPTER 2. DEVELOPMENT ASSISTANCE

TITLE I--DEVELOPMENT LOAN FUND

These subsections effect a major change in the terms and conditions of development loans and the method of financing them. Whereas most of the loans negotiated by the Development Loan Fund have been repayable in local currency, all loans extended under the new authority must be repaid in dollars. Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods of up to 10 years. The aid agency will have flexibility in establishing terms and conditions that will reflect the capacity of the recipient country to service its debts.

The committee approves the shift from local currency to dollar repayment. Despite the obvious advantages of the so-called soft-loan procedure, it is a source of difficulty and occasional misunderstanding. For practical purposes, a large proportion of soft loans really amount to grants. The currencies used for repayment normally cannot be spent outside the country of issue. It is also true that accumulations by the United States of steadily growing balances of these currencies can create problems and further misunderstandings with host governments. Moreover, the uses to which these currencies can be put in many of the countries of issue are severely limited.

The President is directed to establish a successor Development Loan Fund from which funds will be made available to finance development loans.

In financing the new development loan program, the President is authorized to borrow from the Treasury \$1.187 billion in fiscal year 1962 and up to \$1.9 billion in each of the next 4 fiscal years. The unused portion of the maximum allowed for one fiscal year will become available for use in any subsequent year of the note issuing period. Thus, the full amount authorized by section 202 will be \$8.787 billion.

The President is directed to take into account six considerations before extending loans:

- (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the U.S. economy with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

These are comparable to the criteria applied to Development Loan Fund activities in the existing legislation.

Funds available for development lending may not be decreased by the authority of section 610, which allows the President to transfer 10 percent of the funds of one aid category into another category, provided the transfer does not increase the amount available in the latter category by more than 20 percent. Nor can the provisions of title I be waived by the authority of section 614(a), which allows the President to furnish assistance of up to \$250 million without regard to the requirements of this bill and related legislation.

The bill makes available for the purposes of this title the dollar assets of the Development Loan Fund which remain unused and uncommitted for loans repayable in foreign currencies as of the date of the Fund's abolition. The President is directed to submit to the Congress a final report of the operations and condition of the Development Loan Fund as of that date. The President is also directed to establish an interagency Development Loan Committee which shall, under his direction, establish standards and criteria for lending operations. The Committee shall consist of officials of such U.S. Government agencies as the President may determine, provided that each appointee has been confirmed by the Senate. An Office of the Development Loan Fund will provide staff assistance to the Development Loan Committee, as well as performing such other functions as the President prescribes.

The committee believes that the long-term borrowing authority sought by the President is the most important part of this legislation. It is not a new proposal nor is the Treasury borrowing procedure an unfamiliar one in our Government. The Senate attempted to give the Development Loan Fund this authority when the organization was created in 1957. The committee made a second unsuccessful effort in 1959. And the best recommendation for the borrowing procedure is the excellent record compiled by the agencies and programs that have been financed, in part or in whole, by this method. The list includes:

- Reconstruction Finance Corporation.
- Commodity Credit Corporation.
- Defense Production Act of 1950.
- Export-Import Bank of Washington.
- Federal Deposit Insurance Corporation.
- Farmers Home Administration.
- St. Lawrence Seaway Development Corporation.
- Federal home loan banks.
- Federal National Mortgage Association.
- Housing and Home Finance Administration.
- Federal Savings and Loan Insurance Fund.
- Rural Electrification Administration.
- Federal Ship Mortgage Insurance Fund.
- Federal Civil Defense Act of 1950.
- Small Business Administration.
- Informational Media Guaranty Fund.
- Veterans direct loan program.
- Investment guaranty program.
- Panama Canal.
- Virgin Islands Corporation.
- District of Columbia.
- Helium Act, as amended.
- Area Redevelopment Act of 1961.
- Tennessee Valley Authority.

The activities of these organizations have been useful and beneficial to the people of the United States and, in many cases, to others. They have contributed to our stability and our own economic growth with a minimum of waste and inefficiency. Moreover, it is quite clear that Congress, in adopting this procedure, does not give the Executive a free hand. The legislative controls remain. The aid agency, in accordance with provisions of the Government Corporation Control Act, annually must present to the Appropriations Committees of Congress the budget program for its proposed lending operations for the coming year, and obtain from Congress authority to obligate funds to carry out this program. As with appropriations, the amounts to be borrowed must be included each year in the Federal budget as new obligational authority. Congress, if it chooses, can limit the funds that otherwise would be available for use; consistent with legislative practice in the case of other Government agencies having borrowing authority, it is anticipated that this would be done only in unusual circumstances. The Executive is also required to submit quarterly reports on lending operations to Congress. Finally, an annual presentation covering all development lending operations will be made available to the authorizing committees of Congress.

There may be concern that some loans executed under the development lending program will be poor risk ventures. Section 201(b) states that "loans shall be made * * * only upon a finding of reasonable prospects of repayment." Moreover, the record of other lending programs offers reassurance on this point. As of December 31, 1960, foreign loans disbursed under mutual security and related legislation have amounted to nearly \$3 billion. There have been no defaults or delinquencies on these transactions. However, in the case of three countries who received loans under the mutual security program, there have been deferrals of payments of principal and interest for a specified period. As for the Development Loan Fund, while there have been delays in payments on some loans, none of the DLF borrowers has defaulted on loan repayment.

Since beginning its activities in 1934, the Export-Import Bank has authorized loans and credits totaling about \$11.4 billion (as of December 31, 1960). During this period, the Bank has written off losses of less than three one-hundredths of 1 percent of this total. In addition, the prospects for repayments on loans to three countries—Bolivia, Cuba, and Haiti—are doubtful. However, even if the entire \$100 million total of these loans were deemed irretrievable, maximum losses would be only nine-tenths of 1 percent of the Export-Import Bank's total authorizations.

The effect of the borrowing authority proposed in this bill would be to bring development lending operations more closely into line with established banking and business procedures. It will remove the temptation to force the hasty conclusion of loans near the end of the fiscal year so that the aid agency will be in a better position to ask Congress for another large appropriation. The Act for International Development is built on the premise that aid programs should be related to a country's growth process based on a broad development plan. We can scarcely expect the poorer countries to commit themselves to comprehensive development plans in the absence of reasonable assurances that foreign exchange requirements will be met and that programs undertaken will be supported through completion. The element of continuity is essential to all growth, including economic. It is the element common to all of the aid programs of the Soviet Union. In the past year, Soviet long-term economic grants and credits amounted to nearly \$1.2 billion. The following statements are contained in an evaluation of Communist bloc aid prepared by the executive branch:

On the whole, it would appear that the aid of the Communist bloc countries has been negotiated and administered with skill, speed, and sensitivity. * * * The increasing influence of Communist bloc aid is felt in key economic sectors of some countries. * * * Assistance from the bloc countries has consisted mostly of long-term advance commitments of specific amounts of aid with actual projects and terms of repayment negotiated later. * * * The total effect of the bloc aid effort, together with evidences of achievement by the bloc countries at home, is to enhance the image presented by the Communist bloc and increase the attractiveness of the Communist model to countries groping for a method of rapid economic and social improvement.

The committee agrees with this evaluation. Several members have observed at first hand the scope and effects of Soviet aid in certain key countries. Nearly two-thirds of the Soviet grants and credits have been concentrated in three countries—India, Indonesia, and the United Arab Republic. And it has been, on balance, an impressive performance. The aid program reflected in this bill also emphasizes a concentration of effort. It is planned to program about three-fourths of the funds available for development lending in India, Pakistan, and Brazil. These are large, populous countries (each with an extremely high rate of population increase which threatens the success of their development efforts). They possess great significance, both regionally and internationally. Their prestige and influence is on the rise. They are committed to realistic development plans. The United States and its allies can play the pivotal role in assisting these nations in their effort to reach the stage of self-sustaining growth.

The authority in this bill is permissive. It does not mean that the Executive will begin to export \$1.9 billion annually in loans. The needs for such sums exist, but the absorptive capacities of most developing countries are not yet equal to their needs. The rate of growth in these countries cannot be precisely determined. As the problems vary from country to country, so does the cycle of growth. In a few cases, the need for growth capital is immediate; others may be 2, 3 or 4 years away from the point at which large amounts of capital can be effectively utilized. The authority contained in this bill will enable the aid agency to commit adequate sums at the critical turning points.

Based on past performance, the committee believes that this long-term borrowing authority will promote efficiency, economy, and above all, durable economic growth. It will give direction and momentum to the entire aid effort. And it should, at least, balance whatever advantage the Soviet Union may be gaining as a result of the flexibility and continuity of its own aid program.

TITLE II—DEVELOPMENT GRANTS

The bill authorizes \$380 million in development grants. It is proposed to add to that amount unobligated balances currently estimated at approximately \$15 million, thus providing this program with a total of \$395 million. The funds would be available until expended. This category of aid includes the technical assistance program contained in the existing legislation, plus special programs now authorized separately.

Development grants will finance the growth of institutions that form the base for economic development and progress. They will be used to raise educational, technical, managerial, and professional levels of certain societies. They will supplement social reform programs. They will be used to assist in the creation of comprehensive development plans. In some countries, these grants will contribute to the development of the basic physical facilities that modern societies all require.

Development grant activities will be financed jointly by the United States and the host government, with the latter bearing a substantial, if not the major, burden of the program. As with development loans,

these activities must meet other strict criteria. The bill directs the President to—

take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, and (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures and to pay a fair share of the costs of programs under this title.

It is the committee's understanding that the term "social progress," as used in this section, covers the improvement of living standards within relatively poor but aspirant societies, and the development of those institutions that will give hope and purpose to the lives of the peoples who comprise such societies. More specifically, education, health, farmer cooperatives, and public administration are examples of areas of concern that are basic to social progress.

Education and development of human resources through such means as technical cooperation programs will be emphasized in those countries which are in the earlier stages of economic development. The furnishing of capital facilities for purposes other than these shall be given a lower priority until the requisite knowledge and skills have been developed.

The committee believes that this is a minimum program. Of the \$395 million allotted to development grants, about \$259 million represents continuing costs of existing programs. The balance will be used to finance new activities. Agricultural extension services is one example. In some countries—Iran is one—extensive land reform will be meaningless unless it is tied to agricultural extension programs. In such societies, the landlord provides seed, credit, beasts of burden, counsel, the cost of equipment maintenance, and other essential services. When he disappears, the function he performed must be transferred to new institutions, such as agricultural cooperatives and extension services. The development grant program will encourage and support the growth of such services.

Another critical need in most of the newly independent countries is competent public administration. A society is unlikely to progress very far in the absence of effective and orderly government. An efficient tax structure, sound banking system, and sensible fiscal and monetary policies are the hard but necessary attributes of a government determined to move its people across centuries of time in a few short years. Development grants will help to establish and sustain vital public institutions.

Perhaps the strongest drag on the progress of less developed societies is the burden of illiteracy and untrained manpower. The levels of technical, managerial, and vocational proficiency in such societies are generally low, and difficult to raise. Raising them, however, is one of the purposes of the development grant program. Contracts with

American universities and private consultants engaged in technical training operations will be financed from the development grant program.

Contracts with private research groups who are helping to strengthen a country's planning organization will also be financed out of development grants. Health and sanitation programs, community development, housing, transportation, and other related activities also fall under this program.

The committee approves the proposal to finance the development grant program with appropriations that remain available until expended. The creation of viable political, economic, and social institutions is the work of many years. The cost of such activities is low when compared with the cost of financing a multiyear economic growth program. But the cost in time and patience is high, and the potential benefits cannot be measured in dollars. Cultivating these institutions is somewhat like growing delicate species of plants. They are sensitive and fragile, and they frequently defy all of the wisdom of the experts. As with projects financed with development loans, these institutions require continuity if they are to grow.

Section 213 under this title provides authority to promote the peaceful uses of atomic energy outside the United States. A separate appropriation is not required; the money will come out of funds available for the development grant program. Atoms for peace began as principally a reactor program. As of the end of fiscal year 1961, 23 reactors had been approved, of which 8 are presently in operation. The U.S. share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000. The intention is to shift the emphasis of this program by providing laboratory, field, and teaching equipment. The use of consultants will expand. Program requirements for fiscal year 1962 will bear an estimated cost of \$2 million.

Section 214 under this title authorizes assistance to schools, libraries, and hospitals outside the United States that have been founded or sponsored by American citizens. The President may use funds available for the development grant program to help support the schools and libraries. Foreign currencies owned by the United States may also be used to assist these schools and libraries, and also the American hospitals abroad.

Section 215 authorizes payment of the costs of transporting voluntary relief supplies from U.S. ports to ports of entry in distressed countries. Other than the American Red Cross the voluntary agencies shipping such supplies must be registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Arrangements are to be made with the receiving nation for free entry of such shipments and for the payment by that nation of the internal shipping costs.

TITLE III—INVESTMENT GUARANTIES

Title III continues and broadens somewhat the President's authority to make guaranties of certain investments up to a face amount of \$1.1 billion. It also consolidates guaranty authorities which under the existing legislation are assigned to ICA and the Development Loan Fund. The purpose of this title is to expand the role of private enterprise in furthering the economic growth of less-developed countries and areas.

Section 221 enumerates the specified risks against which guaranties can be made. These include inconvertibility of earnings or profits and capital, loss of investment due to confiscation or expropriation, and losses due to war. Guaranties may be issued to a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or territory, and substantially beneficially owned by citizens of the United States.

Authority of up to \$100 million in face amount is also available to guaranty both equity and loan investments against unspecified risks. These are called all-risk guaranties. The executive branch testified that "this authority is to be considered and administered as an experimental provision. It is designed to be responsive to unusual situations where special protection against risk is required in order to create an environment in which private investment can play its full role."

An all-risk guaranty may not exceed 75 percent of possible loss. It is limited in amount to \$10 million. It must emphasize economic development projects clearly related to social improvement in the country concerned. The committee, in approving this authority, expects that it will be used to encourage the development of small independent business enterprises, credit unions, cooperatives, low-cost housing projects and other similar activities.

No guaranty of an equity investment issued under this broader "all-risk" authority will provide protection against loss resulting from fraud or misconduct in the management of an enterprise, or from normally insurable risks.

It is often difficult to attract equity investment into the less-developed countries, owing to the instability and strong nationalism that prevail in many of them. But these, of course, are the countries most in need of such investment. Thus, a guaranty against loss of investment from an unspecified cause may sometimes be called for. Under the new authority, such guaranties would be provided on a "share the loss" basis. In the event the investment is lost, a prior agreement would determine the proportion of the loss to be financed by the aid agency and by the investor respectively. Although limited to offering protection against not more than 75 percent of any possible loss, the executive branch expects that, in most cases, not more than 50 percent of such losses would become the Government's responsibility. Furthermore, the executive branch intends to charge a substantial fee on all-risk guaranties, and in some cases may require a portion of the profits of the investments to be used for the benefit of the country concerned.

It is also contemplated that private U.S. loans, as distinguished from equity investment, will continue to be eligible for all-risk guaranties. As in the case of equity investment, not more than 75 percent of any given loan could be guaranteed in this fashion.

Eligibility for all-risk guaranties—either in the case of equity investment or loans—will be determined by whether the President regards such activities as "important to the furtherance of the purposes of this title." In short, the priority attached both to the project and the area will have to be high. In most cases, the all-risk guaranties will represent alternatives to government-to-government transactions.

The guaranty program authorized under this title carries a number of conditions. For instance, guaranties can only be issued in countries with which the President has agreed to institute a program. Each

project must be approved by the President. Guaranties may not extend beyond 20 years from the date of issuance. They may not exceed the original dollar value of the investment in a project, plus earnings thereon. The President is directed to make suitable arrangements for property turned over to the United States and claims to which the United States is subrogated as a consequence of guaranty payments.

Section 222 requires that a fee shall be charged for each guaranty in an amount to be determined by the President. It permits reduction of fees on outstanding guaranties if and when fee schedules are reduced for guaranties of the same type. Under existing authority fees charged for specified risk guaranties are limited to 1 percent per annum for inconvertibility guaranties and to 4 percent per annum for expropriation and war risk guaranties. However, these limitations are not really relevant, since the fees charged have in recent years been one-half percent per annum for each of the three coverages authorized. The new legislation provides authority to vary amounts in accordance with experience. It is contemplated that the present practice of charging one-half percent per year for the specified risk coverages will be continued, though consideration may be given to varying fees in varying circumstances. Fee charges for all-risk guaranties will also be varied according to the circumstances of each case. Income from fees will continue to be available for meeting claims under guaranties, and will also be available for meeting such management and custodial costs as may arise when property is turned over to the United States.

To date, the U.S. Government has never paid a claim on a guaranty issued under this program. A fund of \$6.9 million represents the accumulation of fees charged for the guaranties. The direct administrative costs of the ICA program for calendar year 1960 amounted to \$162,800.

In computing the total face amount of guaranties outstanding at any one time for the purposes of the \$1 billion ceiling, all outstanding guaranties (other than informational media guaranties) issued under previous authorities shall be included. Such claims against the Government that may arise may be paid out of amounts specifically reserved for this purpose, from fees, from proceeds of assets turned over to the Government, if any, and from the proceeds of notes issued under prior legislation.

All guaranties (other than informational media guaranties) may be treated as obligations only to the extent of their probable ultimate net cost. Funds available for the payment of claims shall constitute a single reserve, except in the cases of guaranties issued prior to July 1, 1956, or under Development Loan Fund authority. Funds obligated for guaranties in these two categories shall not, except with the consent of the investor, be reduced and become part of the single reserve. The explanation for this is that guaranties issued prior to July 1, 1956, have been treated as obligations up to 100 percent of their face amount, while guaranties issued under DLF authority are supported by a reserve of 50 percent of face amount. All other guaranties have been issued on the basis of "probable ultimate net cost." This has produced a reserve amounting to 25 percent of the face amount of outstanding guaranties. The intention is to continue this practice and also to shift the DLF and pre-1956 guaranties to a 25 percent

obligation basis, to the extent that owners of the relevant guaranty contracts agree to this. This shift would not affect the value of these guaranties, but it could free up to \$27 million for other guaranties.

The term "investment," as used in this title, includes—

any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

Under the new legislation, the guarantee program will continue to be administered under broad criteria, while the authority of the Executive to issue guaranties is expanded. The committee approves of giving this program some additional vigor and momentum. Private investment in the less developed countries has remained well below its potential, and the requirements for public assistance have been correspondingly heavier. It is clear that private investors require encouragement in the form of a program that will relieve them of part of the burden of risk. The committee heard testimony that fresh U.S. direct investment in Latin America was in excess of \$300 million during 1958 and close to \$400 million for 1959. But during 1960 such investment amounted to only \$100 million. The reasons for this decline are multiple, but there is little doubt that the expropriations in Cuba were a strongly unsettling influence.

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

This title authorizes a fund of \$5 million to finance up to 50 percent of the cost of investment surveys and studies in less developed areas. The funds shall remain available until expended.

Each survey must be approved by the President. However, surveys of opportunities in the so-called extractive fields are specifically prohibited. This would exclude surveys regarding sources of oil, gas, and ores, along with studies aimed at determining the feasibility of mining and other extraction operations. In the event a person or company making a survey determines within a specified time not to proceed further with the project studied, the report and supporting material developed by the survey will become the property of the U.S. Government. The term "person," as used here—

means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or territory and substantially owned by United States citizens * * *

Feasibility studies can be contracted for by private industry under the authority of both the present and the new legislation. However, title IV provides specific authority and separate funds to help support surveys designed to encourage private U.S. investment in the less developed countries. Previously, such surveys have been contracted only to organizations that could not benefit directly because they were excluded from consideration for whatever contracts might

result from their exploratory efforts. Furthermore, with few exceptions, public bidding procedures have determined the awarding of survey contracts. This has prevented the Government from responding to the initiative of a private concern interested in making a feasibility survey in a less developed area, provided some Government support were available to minimize the uncertainties of the venture.

TITLE V—DEVELOPMENT RESEARCH

This title represents a new program designed to contribute the results of systematic investigation to the improvement and the direction of economic aid programs. The President is authorized to use funds available for part I for the purposes of this title.

In his special message on foreign aid of March 22, 1961, the President proposed—

a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort.

The program authorized by this title is largely the product of recommendations put forward by the President's Scientific Advisory Committee. It is contemplated as a modest program, to be conducted on an experimental basis and involving an expenditure of not more than \$20 million and possibly less. It represents an effort to minimize the difficulties inherent in economic and social development. In the southern continents, where the major portion of aid funds is programed, conditions are vastly different from those in our own country. Climate, soils, diseases, traditions, and social patterns all pose problems that can frustrate development programs.

A good deal of research being undertaken in this country by the foundations and universities is relevant to the problems in the less developed societies. One of the major purposes of the development research program is to relate this research more directly to specific problems. First, needs and requirements must be identified and given priorities. In some countries, the primary need is the development of people. Educational and training techniques normally used in the West may be irrelevant to problems that arise from mass illiteracy, absence of basic skills, and divergent cultural and social patterns. Thus, technical assistance programs will have the intended effect in a given country only if they are designed to cope with the problems peculiar to that country. The hope is that our research programs may discover more appropriate educational and training techniques.

In some countries, the main problem is finding a way to harness the resources of the country to its development plan. The technical problems may involve agriculture, mining, power, industry, and public administration. The techniques and methods suitable for tackling one country's combination of technical problems may not be applicable to another's. Again, it is hoped that research programs will find some answers for specialized situations.

It is contemplated that most of the activities under this program will serve the purpose of improving the capability of less developed countries to analyze their own problems. The committee heard testimony that—

In the end it is they who will have to deal with their own technical, economic, and social problems. One of the most

critical bottlenecks is the very limited number of people in the underdeveloped countries capable of analyzing their own problems systematically. Wherever possible research should be carried on jointly by people and institutions with research experience in the United States and Europe and by analysts in the underdeveloped countries themselves.

Another big need is a better understanding of the interrelationships among economic, political and social changes.

The program should encourage the research community to undertake more projects that are relevant to the problems of the societies we are seeking to assist. And it should serve as a clearinghouse in which research activities can be evaluated and related to these societies.

The committee, in approving this program, was mindful that research and development occupies an important role in private enterprise and in Government operations. More than 9 percent of the Federal budget is spent on research and development. It would seem highly advisable to expose the complicated and difficult problems of the less developed areas to the formidable talents of the American research community.

CHAPTER 3. INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The bill authorizes appropriations of \$153.5 million for the support of international organizations and programs. The funds will remain available until expended. Such contributions are presently made under a number of sections of the Mutual Security Act. The authority in the bill is limited to voluntary contributions (assessed contributions are charged to Department of State appropriations) made on a grant basis.

Of the funds appropriated under this section, in the fiscal year 1962 the following amounts may be used for the following respective purposes:

- (1) Not to exceed \$40 million for contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund.
- (2) Not to exceed \$12 million for contributions to the United Nations International Children's Fund.
- (3) Not to exceed \$13,350,000 for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.
- (4) Not to exceed \$62 million for contributions to the programs of the United Nations in the Congo.
- (5) Not to exceed \$1,800,000 for contributions to the budget of the United Nations Emergency Force.
- (6) Not to exceed \$3,400,000 for contributions to the malaria eradication, water supply, and medical research programs of the World Health Organization.
- (7) Not to exceed \$750,000 for contributions to the International Atomic Energy Agency.
- (8) Not to exceed \$16,900,000 for contributions to the Indus Waters Development Fund.
- (9) Not to exceed \$1,800,000 for contributions to the science program of the North Atlantic Treaty Organization.

(10) Not to exceed \$1,500,000 for contributions to the technical cooperation program of the Organization of American States.

The bill preserves the existing requirement that total U.S. contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for a calendar year may not exceed 40 percent of the total contributions of all governments for that purpose.

Also preserved is the requirement that the President, in determining the advisability of continued support of the Palestine refugee program, "shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls."

Testimony before the committee indicated that in the past year the United Nations Relief and Works Agency (UNRWA) has made some progress in rectifying refugee rolls. The committee appreciates the very sensitive and difficult nature of this undertaking, but hopes and expects that UNRWA will continue its efforts to reduce the dimensions of the problem. The Executive was unable to report any progress toward a settlement of the refugee question. However, fresh efforts are being made to bring the principal disputing elements face to face with this cruel and frustrating problem. The general outlines of a possible solution are perceived by a growing number of interested people. The committee believes that, pending a settlement, the United States must continue to support this program. Funds in the amount of \$13.35 million have been authorized for the Palestine refugee program, in addition to \$4.85 million that will be carried over from the fiscal year 1961 appropriation. In an effort to hold the dollar component to a minimum, the administration hopes to pay a portion of the U.S. contribution under Public Law 480.

The United States is a member of the consortium that is financing the development of the Indus Basin. Besides contributing substantially to the economic growth of India and Pakistan, this project removes one of the two important differences between India and Pakistan, and thus contributes to political stability in south Asia. The project, which anticipates the world's largest irrigation system, is supported by Australia, Canada, Germany, New Zealand, and the United Kingdom, along with the World Bank, the United States and India and Pakistan themselves. It is proposed to contribute \$16.9 million as the U.S. share of the costs of the project in 1962 under this section.

The largest sum authorized by this chapter is \$62 million in support of the U.N. operation in the Congo. Of this amount, \$35 million is for economic assistance, and \$27 million to help support the U.N. military operations. The committee approves of this program. The presence of the United Nations in the Congo has probably prevented a conflict that could have broadened into a dangerous international struggle. Moreover, there remains in the Congo a strong potential for chaos and conflict. The single stabilizing element is the United Nations' presence. It provides the order which is essential to the efforts being made by Congolese leaders to settle their differences and develop a viable political system.

The next largest sum authorized by this chapter is \$40 million to the United Nations technical assistance program, which was created

in 1950, and the Special Fund which began operations in 1959. Under the former program (ETAP), technical experts and fellowships are offered to less developed countries, along with demonstration supplies and equipment. Such assistance is programed through specialized agencies of the United Nations, or the U.N. itself. The program is designed to help countries help themselves. It is financed by voluntary contributions from some 80 governments.

The Special Fund is the product of U.S. initiative. It finances preinvestment projects, usually of a long-term nature, that are basic to economic development. These include surveys of power, soil, and mineral resources, and the establishment of training centers that will harness the unskilled labor resources of a country to its economic development plans. It is felt that, wherever possible, these projects should be carried out on a regional instead of a country basis.

A combined annual goal of \$150 million has been set for the technical assistance program and the Special Fund. It is recommended that the U.S. contribution comprise 40 percent of total contributions. Pledges from other governments are expected to amount to approximately \$60 million, calling for a U.S. contribution of \$40 million. If pledges from other governments exceed this amount, thus calling for a larger U.S. contribution, the additional funds would be secured from contingency funds authorized in this bill.

It is planned to contribute \$12 million to the U.N. Children's Fund, which is the same amount made available for this purpose for the past 3 years. The administration reported that pledges and contributions from 97 other governments have increased regularly in recent years, enabling the UNICEF program to expand and also allowing the United States to decrease the percentage of its contribution. In 1952, the U.S. share of the contributions and pledges to this program stood at 72 percent. For 1962, the U.S. share represents 44 percent of the total.

CHAPTER 4. SUPPORTING ASSISTANCE

The bill authorizes appropriations of \$450 million for supporting assistance to be used beginning in fiscal year 1962. It is proposed to add to that amount unobligated balances currently estimated at \$50 million, thus providing this program with a total of \$500 million. The funds will remain available until expended.

Supporting assistance joins together in a single category those programs which, in the existing legislation, have been labeled "defense support," and some of the principal programs that are presently known as special assistance. In effect, the supporting assistance program will supersede these two categories and perform most of their principal functions.

In general, defense support has consisted primarily of nonproject aid given to countries carrying a necessarily heavy military burden. Special assistance has consisted mainly of budgetary and other non-project assistance given to countries like Jordan, which would face economic collapse in the absence of such assistance.

In fiscal year 1961, the United States supplied \$1.1 billion for defense support and special assistance purposes to 37 countries. For fiscal year 1962, the executive branch requested \$581 million in new authority for the supporting assistance program, an appreciable reduction in the amount programed for comparable purposes in fiscal

year 1961; moreover, 15 countries have been eliminated from the ranks of those receiving this essentially unproductive kind of aid. The committee is encouraged by the atypical tendency of the supporting assistance program, but hopes to find even more encouragement next year. On that point, an official of the executive branch told the committee that this year's program would be the last for seven countries; that seven others should be phased out "within a few years." The witness added that—

in eight countries, we do not now see any prospect for terminating supporting assistance over the next few years, though we shall keep these situations under constant review.

Supporting assistance programs are planned for 22 countries; in 14 of these, the program contemplated is less than the defense support and/or special assistance obligated in fiscal year 1961. About three-fourths of the funds available for the program will be concentrated in seven countries. Most of these are on the rim of the Sino-Soviet empire. They include Greece, Turkey, Pakistan, Korea, and Vietnam. These countries all carry the burden of larger military establishments than they can support. These military forces are considered essential to their security. As such, they are essential elements in our forward strategy, which is aimed at containing the spread of communism.

The executive branch expects to phase out the supporting assistance program in two of the countries named above after fiscal year 1962. This will be possible as a result of the economic progress these societies are making.

Although supporting assistance is largely grant aid, section 401 authorizes the President "to furnish assistance on such terms and conditions as he may determine * * *." It is fair to say that a part of the assistance provided under this authority will be in loans repayable in foreign currencies.

Most of the countries receiving the largest grants of supporting assistance are members of security alliances. Turkey and Greece are, of course, NATO members. Turkey, Pakistan, and Iran are joined together in CENTO, while Pakistan and Thailand are in SEATO.

Certain other countries—all of them desperately poor and most of them misgoverned—would probably collapse economically, if not politically, if they were deprived of supporting assistance. The committee believes that in a few cases—a total collapse would not by itself add to the misery and deprivation of the great majority of the people concerned. But in removing the prop from under such a society there is the danger of exchanging one kind of despotism for another. This is the reasoning that traditionally has been used to justify certain direct support programs. The committee believes that the argument continues to possess validity, but that it cannot be applied categorically or accepted uncritically. Henceforth, individual cases must be studied on their merits. It does not follow as the night the day that the vacuum created by the departure of some despots will be filled by communism. And for the United States to be committed over the stretch of time to defending an essentially indefensible status quo would amount to injustice, political error, and waste of the taxpayer's money.

Some members were especially concerned with the size of the program in Korea, where roughly \$4½ billion in economic and military

assistance has been spent over the years. Nearly \$3 billion of this has been defense support, a program now covered by supporting assistance. The results of this investment have been discouraging, to put the case mildly. Admittedly, Korea remains an independent country, which has been the primary objective of the program. However, there is some feeling that Korea's security requirements might be satisfied with a less expensive program.

The committee recognizes the fact that this is a transitional year, and that the new administration has not had sufficient opportunity to examine some of the more questionable direct support programs on their merits. However, the executive branch is on notice that these cases will be exhaustively reviewed by the committee next year; and that new arguments may be required to justify some of them.

CHAPTER 5. CONTINGENCY FUND

Section 451 authorizes an appropriation of not to exceed \$300 million for a contingency fund to be used by the President for economic purposes that he determines to be important to the national interest. Congress will be kept currently informed of the use of funds available under this section.

The contingency fund is an essential part of the aid program, and has been provided annually. It is used to meet important but unforeseen problems as they arise. Last year, the authorization bill for the mutual security program provided a contingency fund of \$150 million. This was increased to \$250 million, as a result of the Congo crisis, the earthquake in Chile, and increased Communist pressure in certain areas. Finally, the President transferred to the contingency fund an additional \$35 million out of military assistance funds, thus bringing the total amount to \$285 million. This sum was nearly exhausted at the end of the fiscal year.

Contingency funds were also used last year to provide grants to 15 newly independent African States. They were used to support efforts of the new Governments of Turkey and Korea to introduce economic reforms and stabilization programs. Other purposes included support for the Indus Basin development plan, an increase in the U.S. contribution to the United Nations technical assistance program and Special Fund, and relief of acute economic crises in Guatemala, Haiti, Honduras, and Panama. Natural disasters, including the earthquake in Chile, floods in the Philippines, and typhoons in East Pakistan, also called for extraordinary assistance to help meet relief and rehabilitation costs.

In all parts of the world, the Sino-Soviet bloc is applying pressure against independent societies. Whatever their ideological disagreements, the Communist powers are united on the policy of encouraging strife and rebellion in the less developed societies that they do not control. Many persons believe that we are entering a period of multiple crises. Instead of concentrating on one trouble spot—Berlin, for example—there is the danger that Mr. Khrushchev will "give the whole tree a shake just to see what falls." In any case, we can expect more, not less, instability in the days that lie ahead. For that reason, the committee recommends approval of a contingency fund in the amount authorized by this chapter.

PART II

CHAPTER 1. STATEMENT OF POLICY

Section 501 declares that this part may be called the "International Peace and Security Act of 1961." It will supersede the military assistance provisions of the Mutual Security Act.

In section 502, the Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations. The threat to world peace posed by international communism is recognized, and Congress restates its belief that "the security of the United States is strengthened by the security of other free and independent countries." It is, therefore, the policy of the United States --

to furnish to such countries cooperative military assistance of a kind and in an amount reasonably designed to help them provide for their own security against such aggression and for the security of international organizations of which they may be members.

CHAPTER 2. MILITARY ASSISTANCE

This chapter provides a 2-year authorization for military assistance programs. The sum of \$1.8 billion is authorized to be appropriated for use beginning in each of the fiscal years 1962 and 1963, and the funds shall remain available until expended.

Military assistance may be furnished on such terms and conditions as the President may determine, and to any country, subject to conditions of eligibility, or international organization, the support of which the President finds to be in the national interest.

Assistance may be provided in a variety of ways. Defense articles or services acquired from any source may be provided by loan, lease, sale, exchange, grant, or any other means. Contributions may be made to multilateral programs designed to develop defense infrastructure. Financial assistance essential to the purposes of the bill may be provided, including expenses incident to U.S. participation in regional or collective defense organizations, and military budget support (either directly, or indirectly by generating local currencies). Members of the Armed Forces and employees of the Department of Defense may be available for this program, but only to serve in an advisory capacity or to perform other duties of a noncombatant nature.

The President is directed to establish procedures for programing and budgeting that will bring military assistance into direct competition for financial support with other activities of the Defense Department. The purpose of this provision is to make certain that funds spent on military assistance serve as important a purpose as funds spent for the U.S. Military Establishment.

Section 505 specifies that military assistance to any country shall be furnished only for internal security; for legitimate self-defense; for participation in regional or collective security arrangements consistent with the United Nations Charter; for participation in collective measures sponsored by the United Nations and designed to maintain or restore peace and stability. This subsection also recommends that military assistance programs encourage to the greatest possible extent

the participation by military forces of less-developed countries in programs designed to foster economic development.

Section 506 provides that before becoming eligible to receive defense articles on a grant basis, a country must agree that it will not, without the consent of the President: (1) permit any use of such articles by anyone not an officer, employee, or agent of that country; (2) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise; (3) use or permit the use of such articles for purposes other than those for which furnished.

A recipient country must also have agreed to maintain the security of articles in a manner consistent with the security protection afforded to such articles by the U.S. Government. Also to the extent required by the President, the recipient country must agree to permit observation and review by U.S. officials, and also make available the necessary relevant information to these officials. When defense articles are no longer needed for the purposes for which furnished, they will be returned to the U.S. Government, unless the President agrees to some "other disposition."

As further conditions of eligibility, the recipient country must agree to—

- (1) join in promoting international understanding and good will, and maintaining world peace; (2) take such action as may be mutually agreed upon to eliminate causes of international tension; (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party; (4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength; and (5) take all reasonable measures which may be needed to develop its defense capacities.

Section 507 provides that defense articles from the stocks of the Department of Defense, plus defense services, may be sold for dollars to countries and international organizations. This authority has been in the law for several years and does not involve the use of funds that are available for use under this part. Payments may be made in advance or on terms of credit up to 3 years. The President is authorized to enter into contracts for procuring defense articles and services for sale without charging any appropriation or contract authority, provided the purchasing country provides a "dependable undertaking" to pay in advance amounts sufficient to meet all payments, including damages for breach of contract.

Section 508 provides that dollar repayments for military assistance supplied on cash or credit terms shall be credited to the current applicable appropriation, and can be used until expended, but only for the purpose of furnishing additional military assistance on such terms. This provision covers dollar proceeds derived from the sale of foreign currency repayments. It authorizes the use of foreign currency repayments for the purposes of this part.

Section 509 provides that defense articles and services transferred to the U.S. Government as payment for assistance furnished under this part may be used to carry out this part. It also authorizes the

disposal or transfer of such items to any U.S. Government agency for stockpiling. Any reimbursements received as a result of such transfers shall be credited to the account funding the assistance that was exchanged for the items concerned, or to any other appropriation, fund, or account currently available for the same general purpose.

Section 510 provides that the President can order supplies from existing stocks of the Department of Defense, as well as defense services, to be furnished for military assistance purposes, provided he first determines that the use of such supplies and services is "vital to the security of the United States." The authorization is limited in amount to \$200 million annually, and it provides for "prompt notice of action taken" to the appropriate committees of Congress.

This subsection also provides that the Department of Defense is to be reimbursed from subsequent appropriations for military assistance; that the Department, in anticipation of such reimbursements, may incur obligations in amounts equivalent to the value of the orders.

The purpose of this special authority is to enable the President to meet contingencies that arise from the unpredictable events that occur from time to time in this uncertain and changing period of history. Indeed, this entire part reflects the need for additional flexibility in meeting increased Communist pressure.

Section 511 retains a \$55 million ceiling on grant military equipment to Latin America, and further stipulates that, unless the President determines otherwise, internal security requirements shall not be the basis for any military assistance to Latin American countries. A sum equal to the amount by which the ceiling reduces the grant equipment program planned for Latin America this year will be transferred to the funds made available for development grants in that area.

It is contemplated that 22 percent of this year's military program will be spent in Europe, as opposed to 33 percent last year. The sums involved will cover the U.S. contribution to the NATO infrastructure program, as well as European country programs which are limited almost exclusively to projects begun in earlier years. The proportionately smaller share for the European area does not indicate a downgrading of the importance of NATO; instead, it reflects the rising capabilities of many European nations to meet their own military requirements.

More than half of the proposed program will cover the costs of maintaining forces in being and fixed charges. About 40 percent will be used to provide modernized and improved weapons for areas subject to the most immediate pressure. The thrust of the program is in those countries which face the threat of internal aggression, direct external aggression, or both, as in the case of some nations contiguous to the Sino-Soviet empire. While the problem is especially severe in the Far East, elsewhere in Asia, Africa, and Latin America the tempo of Communist activity is quickening, the weight of Communist pressure growing. The threat is presented in various forms. In one country, it may be Communist guerrillas terrorizing peasants, killing local officials and destroying public facilities. In another country, rioting, strikes and preplanned incidents designed to provoke violence are the more suitable techniques. In other countries, the technique has not yet clearly emerged, but the clandestine buildup of Communist arms is proceeding at a brisk rate.

The authority in this military program reflects a need for the additional flexibility that will enable countries whose security is menaced to meet the problem in whatever form it appears.

PART III

CHAPTER 1. GENERAL PROVISIONS

This chapter of the bill contains general provisions similar to those which have been in past foreign aid legislation relating to private enterprise (especially small business); shipping; procurement; the use and disposition of commodities, foreign currencies, and other items; patents and technical information; transfer of funds between accounts; the completion of plans and cost estimates; contract authority; availability of funds; and termination of assistance. The chapter also contains (in sec. 614) special authority, as has been provided in the past, for the President to waive legal requirements respecting assistance of \$250 million and provides him with \$50 million in unvouchered funds. The principal new provision is found in section 608, which authorizes the use of \$5 million in development grant money for the advance acquisition of Government-owned excess property. These are explained in more detail below.

A. FREE ENTERPRISE AND PRIVATE PARTICIPATION (SEC. 601)

This section is a rewrite of language which has been in foreign aid legislation for many years. In the policy statement in subsection (a), Congress recognizes "the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development." In regard to other countries generally, it is declared to be the policy of the United States to encourage the efforts of those countries "to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions."

In regard to less developed countries specifically, it is declared to be the policy of the United States to encourage the contribution of American enterprise toward the economic strength of those countries through private trade and investment and the exchange of ideas and technical information. It is specifically provided that private trade channels are to be used to the maximum extent practicable in carrying out programs under the act.

The President is directed (in subsec. (b)) to "make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed countries and areas." This provision should be read in conjunction with part I, chapter 2, title IV which authorizes more active participation by the Government in surveys of investment opportunities (see above).

Subsection (b) of section 601 also carries forward existing provisions of law directing the President to accelerate a program of negotiating commercial and tax treaties, to seek compliance with such treaties, and to take all reasonable measures to assist U.S. citizens in obtaining just compensation for losses suffered as a result of treaty violations by other countries.

It is to be noted that two provisions of existing law (currently found in sec. 413(c) and (d) of the Mutual Security Act) are not reenacted by the pending bill. These provisions require annual studies of the role of private enterprise and a single study of the role of other industrialized countries, in carrying out the purposes of the act. The latter study has been made, and the provision calling for it is therefore obsolete. The role of private enterprise is under continuous review, and the committee sees no particular virtue in requiring annual, separate studies, particularly in view of the inclusion in this bill of title IV (surveys of investment opportunities) and title V (development research) of chapter 2 of part I.

B. SMALL BUSINESS (SEC. 602)

This section continues the special attention which has long been given to American small business in carrying out the foreign aid program. It provides that American suppliers, especially small independent enterprises, are to be informed as far in advance as possible of purchases to be financed with foreign aid funds. Further, prospective purchasers in countries receiving assistance are to be informed of goods and services produced by small independent business in the United States. Finally, the President is directed to provide for "additional services" to give small business better opportunities to participate in providing goods and services under the act.

This section also carries forward the provision of existing law creating an Office of Small Business, headed by a Special Assistant for Small Business, to promote small business opportunities; and it likewise provides, as does the present law, for the Secretary of Defense to give special attention to small business in administering the military assistance program.

C. SHIPPING ON U.S. VESSELS (SEC. 603)

This section is the same as section 509 of the Mutual Security Act. It exempts from the 50-50 shipping requirement the transportation between foreign countries of goods purchased with foreign currencies acquired under the bill and under Public Law 480 (the Agricultural Trade Development and Assistance Act). This exemption is necessary in cases in which, for example, surplus agricultural commodities have been sold to a country in Western Europe for that country's currency which has then been used to buy goods for use in the aid program in a third country. Such triangular transactions could not be carried out if the 50-50 shipping provision applied. It is to be noted, however, that the 50-50 provision will continue to apply to other shipments of commodities which the United States procures or directly arranges for the other country to procure, except to shipments of fresh fruits and their products, which have long been exempt, and to certain shipments in connection with the Indus Basin development plan, which have also been hitherto exempt. In the latter case section 303 requires that compensating allowances be made in other shipments.

D. PROCUREMENT (SEC. 604)

This section has been tightened somewhat compared to existing law in its provisions relating to offshore procurement.

Subsection (a) authorizes the use of funds for offshore procurement only if the President determines that the advantages of such procurement will not be outweighed by adverse economic effects in the United States. It also provides that no commodities shall be purchased outside the United States at a price equal to, or higher than, the market price prevailing in the United States, adjusted for differences in quality, cost of transportation, and terms of payment.

Subsection (b) deals with commodity procurement generally, whether in the United States or abroad. It prohibits the bulk purchase of commodities at prices higher than the prevailing market price in the United States, adjusted for differences in transportation costs, quality, and terms of payment. The pending bill does not carry forward the present law's exemption of the purchase of raw cotton in bales.

Subsection (c) requires that insofar as practicable surplus agricultural commodities to be furnished on a grant basis must be bought only in the United States except to the extent that they are not available here in sufficient quantities to meet emergency requirements.

E. RETENTION AND USE OF ITEMS (SEC. 605)

Subsection (a) makes provision for cases which may arise when changing circumstances make it inadvisable to furnish goods which have already been procured for use in the aid program. Whenever the President determines such a course will serve the best interests of the United States, such goods may be retained by the procuring agency or transferred on a reimbursable basis to another agency. They may be either used or disposed of by the agency in question; and when necessary to prevent spoilage or wastage or to conserve their usefulness, the disposal may be without regard to provisions of law relating to the disposition of Government property.

Funds realized from such disposal (or, in the case of transfers, funds accruing from interagency reimbursements) are to revert to the appropriation account from which the goods were procured in the first instance or to the amount currently available for such procurement.

The corresponding provision of the present law (sec. 511(b) of the Mutual Security Act) provides that goods shall be handled in this manner whenever called for by concurrent resolution as well as whenever a Presidential determination is made. The provision for the concurrent resolution method is not carried forward. It has never been used, and section 617 of the bill provides that any assistance can be terminated by concurrent resolution.

Subsection (b) provides that commodities received by the United States as payment in kind for assistance furnished under the bill may themselves be used to provide assistance to other countries. This subsection, which is similar to a provision in section 505(a) of the Mutual Security Act, makes possible arrangements whereby, for example, the United States may furnish a European country with one kind of commodity in return for a second kind which, in turn, is then furnished to another country.

F. PATENTS AND TECHNICAL INFORMATION (SEC. 606)

This section is a rewrite and simplification, without substantial change, of a provision which has been in the law for many years as section 506 of the Mutual Security Act. It is designed to meet those cases in which patents or information protected by proprietary rights are disclosed by the U.S. Government in connection with furnishing assistance under the bill.

In such cases, the aggrieved party may sue the United States either in the Federal court in the district where he resides or in the Court of Claims within a period of 6 years. Provision is also made in subsection (b) for out of court settlements.

G. FURNISHING OF SERVICES AND COMMODITIES (SEC. 607)

This section authorizes Government agencies to furnish services and commodities on a reimbursable basis to nations, international organizations, and voluntary nonprofit relief agencies, whenever the President determines that this would further the purposes of part I of the bill, relating to international development. Except for voluntary agencies, similar authority has been in the law for several years (sec. 535(b) of the Mutual Security Act). The committee feels that the addition of voluntary agencies provides a potentially useful tool to the foreign aid program, without cost to the Government.

H. ADVANCE ACQUISITION OF PROPERTY (SEC. 608)

This section introduces a new element into the foreign aid program. It authorizes establishment of a \$5 million revolving fund, from development grant appropriations, to be used to acquire in advance of known needs excess Government property for future use in the economic aid program. The authority would also apply to advance acquisition of other property, but the intention is that this would be used to acquire only such other items as might be necessary to complement excess property. As the property is used to furnish assistance, the \$5 million revolving fund will be replenished from the appropriation applicable to the particular purpose of the assistance, i.e., development loans, development grants, supporting assistance, etc. Excess property acquired under this authority may also be furnished on a reimbursable basis to the nations, international organizations and voluntary agencies covered by section 607. And such reimbursement may also be used to replenish the fund.

The committee has long been of the opinion that ways should be found to make use of the vast quantities of excess property owned by the Federal Government. Two years ago the committee wrote into the Mutual Security Act a provision authorizing the use of up to \$2.5 million of the contingency fund to make available machine tools and other industrial equipment to foreign small business concerns in underdeveloped countries. This provision was rendered ineffective by language in a subsequent appropriations act, but one of the uses of the authority which the committee had in mind was to make it easier for small business abroad to acquire surplus machine tools owned by the United States, principally the Department of

Defense, which are obsolete by American standards but which could make a substantial contribution to industrial growth in underdeveloped countries. A similar program would be assisted under section 608 of the pending bill.

The provision now proposed would further the transfer of a great variety of property in addition to machine tools. Except for minor, incidental items which would be acquired from private suppliers, the property involved is as much a burden as it is an asset to the Federal Government which cannot realistically expect ever to make significant use of it or to recapture more than a fraction of its original cost. Section 608 of the pending bill would assist in putting at least a part of this property to productive use.

I. SPECIAL ACCOUNTS

A considerable portion of the grant economic assistance funds will be used to finance commodity imports and other forms of nonproject assistance. The commodities are financed with dollars, and are normally sold through private channels for the local currency of the recipient country. Under section 142(b) of the existing legislation, the local currency proceeds are deposited in a special counterpart fund which is also used for purposes agreed upon by the United States and the host government. This section was amended to become permissive instead of mandatory. The committee agrees with the executive that in some cases these local currency funds can be used more effectively within the framework of a given country's overall development plan and in accordance with the stated self-help criteria. The problem arising from the mandatory procedure is that some countries may use counterpart funds for jointly accepted purposes, while using other larger amounts for purposes that are sometimes inconsistent with longrun economic objectives. The intent of this bill is to relate all of a country's resources, not just aid funds and counterpart to the achievement of these objectives. Furthermore, in many cases the special fund requirement has created friction in that it has seemed to compel some governments to take measures that they would have taken anyway.

J. TRANSFER BETWEEN ACCOUNTS (SEC. 610)

This is the standard transferability section which has been part of foreign aid legislation for many years. It provides that, whenever the President determines it to be necessary for the purposes of the act, up to 10 percent of the funds made available for any provision of the act may be transferred to any other provision except that the latter provision may not be increased by more than 20 percent.

This provision in the past has proved to be valuable in meeting changing circumstances and changing program needs. It is to be noted that, although this authority can be used to augment funds for development loans, it cannot be used to decrease them. (See Sec. 201(b) above.) Further, under section 634(d) (see below), the President is required to notify promptly the Senate Appropriations and Foreign Relations Committees and the Speaker of the House of any transfers.

FOREIGN ASSISTANCE ACT OF 1961

K. COMPLETION OF PLANS AND COST ESTIMATES (SEC. 611)

This section is based on the provision of existing law found in section 517 of the Mutual Security Act. It provides that, with respect to development loans, development grants, and supporting assistance, funds in excess of \$100,000 cannot be obligated until engineering, financial, and other plans necessary to carry out the project in question have been completed and there is a reasonably firm estimate of the cost of the project to the United States. In the case of water or related land resource construction projects, the plans must include a computation of benefits and costs made insofar as practicable in accordance with Budget Bureau procedures for such projects in the United States.

In cases in which the proposed aid requires legislative action within the recipient country, obligations in excess of \$100,000 are prohibited unless such legislative action "may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes" of the aid.

These requirements do not, however, apply to assistance furnished for the purpose of preparing plans.

Finally, it is provided in subsection (c) that contracts for construction outside the United States made in connection with projects subject to these requirements are to be made on a competitive basis to the maximum extent practicable.

L. USE OF FOREIGN CURRENCIES (SEC. 612)

This section provides that foreign currencies received as a result of economic aid programs are first to be used for payment of U.S. Government expenses abroad, with an equivalent charge against the dollar appropriation of the spending agency. First call upon these currencies is given to educational and cultural exchange activities. Foreign currencies which are excess to the Government's foreign expenses are made available for further use in economic aid programs.

This section does not apply to foreign currencies which may be received as a result of payment of a loss on an investment guaranty (see sec. 222(d) above) or to foreign currencies received from the disposal of surplus agricultural commodities, either under section 402 of the Mutual Security Act or Public Law 480.

This is generally similar to authority currently found in section 505 of the Mutual Security Act. It enables aid dollars to do a kind of double duty, and it helps to prevent sterile accumulations of foreign currencies.

M. ACCOUNTING, VALUATION, REPORTING, AND AUDITING OF FOREIGN CURRENCIES (SEC. 613)

This section establishes new rules and criteria for accounting and reporting procedures regarding foreign currencies owed to or owned by the United States.

First, it puts in the Secretary of the Treasury the responsibility for these functions and authorizes him to issue regulations in these respects binding upon all agencies of the Government.

FOREIGN ASSISTANCE ACT OF 1961

33

Second, it gives the Secretary of the Treasury sole authority to establish the exchange rates at which all foreign currencies or credits are to be used by all Government agencies.

Third, it requires each agency to report to the Secretary of the Treasury an inventory as of June 30, 1961, showing all foreign currencies on hand. The Secretary of the Treasury is to prepare a consolidated report for the Congress. Thereafter semiannual reports are to be required.

Finally, the Comptroller General is instructed to audit the first report and is authorized to audit subsequent reports as he deems desirable.

This section results from a growing dissatisfaction within the committee regarding the accounting methods used for foreign currencies and a growing feeling of frustration in dealing with reports on the value of these currencies owned by the United States. The committee hopes that these new provisions will help to clarify the situation.

N. SPECIAL AUTHORITIES (SEC. 614)

This section contains three kinds of special authorities for the President, all of them analogous to authorities now found in sections 403 and 451 of the Mutual Security Act.

Subsection (a) provides that the President may authorize the furnishing of assistance of \$250 million a year without regard to the requirements of this bill, the Battle Act, or any act appropriating funds for use under this bill or amendments thereto. Within the specified limit of \$250 million, this authority applies to funds made available for use under this bill as well as to Department of Defense funds which may be used under authority of section 510 (see above). The President has had similar authority, in regard to similar amounts in the past.

Subsection (b) provides that supporting assistance funds, as available and necessary, may be used "to meet the responsibilities or objectives of the United States in Germany, including West Berlin," whenever the President determines it to be important to the national interest and without regard to any law which the President determines should be disregarded. Heretofore the President has had such authority, albeit within a stated monetary limit (\$6,750,000 in fiscal 1961). No such limit is imposed in the pending bill, because neither the administration nor the committee can suggest an appropriate ceiling. In one set of circumstances, the requirements of West Berlin will be very small; in another, they could be very large. In any event, it seems to the committee important that these requirements be met and that the President have sufficient authority to do so swiftly and effectively.

Subsection (c) provides that up to \$50 million of the funds made available under the act may be used by the President on an unvouchered basis. Similar authority with regard to similar amounts has been available for several years. It has been rarely used.

Past foreign-aid legislation has contained a limitation of \$30 million on the funds which may be allocated to any one country under the President's special authorities. That limitation is not carried forward in the pending bill.

It is important to note that section 614 of the bill does not increase the funds provided. The section simply authorizes the waiver of statutory requirements with respect to the expenditure of specified portions of those funds.

O. CONTRACT AUTHORITY (SEC. 615)

This section is identical with section 515 of the Mutual Security Act. It simply provides that appropriation acts may contain authority to make contracts, within the amounts authorized to be appropriated, creating obligations in advance of appropriations.

P. AVAILABILITY OF FUNDS (SEC. 616)

This section is also similar to the existing law (sec. 507 of the Mutual Security Act). It states that, except as otherwise provided, funds shall be available to carry out the act as authorized and appropriated each year.

Thus, it is made clear that funds for development grants, supporting assistance, the contingency fund and similar programs must be authorized, as well as appropriated, annually. This section does not, of course, affect the long-term borrowing authority contained in section 202(a) and the 2-year authorization for military assistance appropriations in section 504. Neither does it affect the availability of appropriations without fiscal year limitation, where such are authorized.

Q. TERMINATION OF ASSISTANCE (SEC. 617)

Subsection (a) simply provides that unless terminated sooner by the President, assistance under any provision of the act may be terminated by a concurrent resolution of Congress. Funds will remain available for up to a year to provide for orderly liquidation of such programs.

Subsection (b) in effect reenacts section 503(b) of the Mutual Security Act of 1954. It provides that the President, unless he determines it to be inconsistent with the national interest, shall suspend assistance to country which has nationalized or expropriated American property and has failed to take appropriate steps within 6 months to discharge its obligations under international law.

R. ECONOMIC ASSISTANCE TO LATIN AMERICA (SEC. 618)

This section provides that development loans and development grants furnished to Latin America shall be in accordance with the principles of the Act of Bogotá. This act, which was signed September 13, 1960, by 19 of the 21 American Republics (the 2 exceptions being Cuba and the Dominican Republic) sets up the framework for the broad program of social reform and economic progress which underlies the alliance for progress. It provides for such things as land and tax reform, agricultural credit institutions, and the improvement of housing and community facilities, educational systems and training facilities, and public health. It provides, in short, for the kinds of institutional changes which, in the opinion of the committee, are indispensable for sustained economic growth in Latin America. The

committee does not believe that outside assistance to Latin America would be effective in the absence of such changes, and hence it has added to the bill the requirement of section 618.

S. ASSISTANCE TO NEWLY INDEPENDENT NATIONS (SEC. 619)

This section provides that, to the maximum extent appropriate in the circumstances of each case, economic assistance to newly independent countries shall be furnished through multilateral organizations or in accordance with multilateral plans on a fair and equitable basis with due regard to self-help.

The purpose of this section is to prevent, insofar as possible, the United States from assuming continuing and increasing obligations through bilateral arrangements with the rapidly emerging new countries of the world. The committee agrees that these countries need help and should have help. But it also believes that this is not, and should not be, the sole or even the major responsibility of the United States. Bilateral arrangements do not necessarily provide the most effective means of extending help and of accomplishing U.S. objectives. The other developed nations of the world, particularly the members of the Development Assistance Group, also have a responsibility and an interest in seeing the new countries make a success of their ventures into statehood.

The section is deliberately written in broad terms so that it applies to assistance furnished either through multilateral organizations, such as the United Nations or its specialized agencies, or in accordance with multilateral plans, such as might be agreed to by the OECD or, possibly, by some new economic grouping of African nations. It is the intent of the committee that the contributions of other nations be in reasonable proportion to their responsibility and capacity and that the recipient countries should, in all cases, take vigorous and affirmative measures to help themselves and to make the most effective use of the aid they receive.

One multilateral vehicle through which assistance to newly independent countries might be offered is the recently created International Development Association, an affiliate of the International Bank for Reconstruction and Development.

PART III

CHAPTER 2. ADMINISTRATIVE PROVISIONS

This chapter effects a major revision in the organization of the aid program. It also contains provisions designed to improve administration and personnel performance, including provision for the selection out of personnel not meeting adequate performance criteria, and standard provisions on interagency relationships, bookkeeping operations, and uses of funds.

The reorganization contemplated by this chapter will result in the abolition of the International Cooperation Administration and the creation of a new agency which will have responsibility for non-military aid functions. The new agency will be headed by a person with the rank of an Under Secretary and will also have two persons with the rank of Deputy Under Secretary and nine with the rank of Assistant Secretary. The Development Loan Fund will continue to

be a separate fund in the new agency and lending activities will have special staff assigned under the supervision of one of the two senior officials having Deputy Under Secretary rank. The Development Loan Fund, though it will no longer be a separate Government corporation, will continue to operate in accordance with the principles of the Government Corporation Control Act.

A. EXERCISE OF FUNCTIONS (SEC. 621)

Ultimate authority in the act is legally vested in the President, as the head of the executive branch and the officer constitutionally responsible for the conduct of the Nation's foreign policy. Inasmuch as the President obviously cannot exercise all of these functions personally, section 621(a) authorizes him to exercise them through any agency or officer of the Government. Furthermore, such an officer or the head of such an agency may promulgate rules and regulations regarding these functions. The functions may be delegated and re-delegated within an agency.

Subsections (b) through (e) are designed to provide for the orderly transfer of economic aid functions from ICA and the old DLF to the new agency. ICA, as well as DLF in its present corporate form, are to continue in existence for 60 days after the effective date of the act, unless sooner abolished by the President. This provision is necessary because section 642(a)(2) of the bill (see below) repeals most of the Mutual Security Act of 1954, including the portions creating these agencies and they would therefore automatically cease to exist on the effective date of the bill unless provision were made to the contrary. Their continuance for a maximum period of 60 days will give the President opportunity to issue the necessary Executive orders creating the new agency and to provide for an orderly transfer of functions, personnel, records, and property.

Subsection (c) requires the President to designate an officer to receive the presently existing corporate assets and liabilities of the Development Loan Fund and to serve as the person to be sued in the event of default in the fulfillment of the obligations of the Fund. This is a technical provision necessitated by the change in the DLF's corporate status.

Subsection (d) provides for the transfer of the property and personnel of ICA to an officer or head of an agency carrying out economic assistance. Under both subsections (c) and (d) all personnel of the existing agencies will automatically shift to the new agency.

Subsection (e) provides for a similar transfer of the Export-Import Bank's assets and liabilities growing out of the so-called Cooley amendment loans made by the Bank under section 104(c) of Public Law 480. This provision of Public Law 480 makes available for loans to private business abroad up to 25 percent of the foreign currencies received in sales of surplus agricultural commodities. Under the existing provisions of Public Law 480, these loans are made through the Export-Import Bank, but section 703 of this bill (see below) amends Public Law 480 to provide that the loans will be made by such agency as the President may direct instead of by the Export-Import Bank. The provision for a transfer in section 621(e) will make it possible to divest the Export-Import Bank of the task of administering Cooley loans which have already been made.

B. SECRETARIES OF STATE AND DEFENSE (SECS. 622-623)

These sections are essentially the same as sections 523 and 524 of the Mutual Security Act of 1954.

The first deals with the prerogatives and responsibilities of the Secretary of State and ambassadors. The second deals with the Secretary of Defense.

These sections make clear that, under the President, the Secretary of State has responsibility for the continuous supervision and general direction of the assistance programs and that ambassadors abroad are responsible for coordination of aid activities in the countries to which they are assigned. The Secretary of State is also clearly given the responsibility for determining whether there shall be a military assistance program for a country and the value thereof.

The Secretary of Defense in section 623 is given primary responsibility for the content of military assistance programs (once the size of those programs has been determined by the Secretary of State) and for the administration of those programs, including the establishment of priorities in procurement and delivery.

C. STATUTORY OFFICERS (SEC. 624)

This section provides for the top administrators and policymaking officials of the new agency. There will be 12 of them to be appointed by and with the advice and consent of the Senate. One will have the rank of Under Secretary, two the rank of Deputy Under Secretary, and nine the rank of Assistant Secretary. Their salaries will be not in excess of those authorized for other officials of the same rank, but, within this limitation, may be fixed by the President. The President is also authorized to designate their titles and to fix the order of succession of those below the rank of Under Secretary in the event of absence, death, resignation, or disability.

One of the officials with the rank of Deputy Under Secretary is to have general supervision over the Development Loan Fund, and one of those with the rank of Assistant Secretary is to be head of the Office of the Development Loan Fund.

To facilitate an orderly transfer, this section also provides that officials may serve in any of these new positions without further Senate confirmation if they are currently serving in comparable positions which are subject to Senate confirmation but which are abolished by the bill. The committee intends this provision to mean that officials presently in office may be transferred laterally but may not be promoted to a rank higher than that now held relative to other positions, without reconfirmation by the Senate. Further these officials may continue to hold their present offices for a period of not to exceed 60 days following the effective date of this bill. This provision is similar to that in section 621(b) (see above) for continuing the existing agencies for 60 days pending creation of the new agency.

There are now eight officials in the nonmilitary aid program subject to Senate confirmation, but of somewhat lesser rank and salary than is provided by section 624. The major criticisms of the aid program have resulted not so much from the policy of furnishing aid as from mistaken judgments and administrative ineptness in carrying

out the policy. On the other hand, there have been complaints from within the executive branch about the difficulty of securing competent personnel. The committee expects the additional authority provided in section 624 to be used to improve the administrative capacity of the new agency.

D. EMPLOYMENT OF PERSONNEL (SEC. 625)

This section, which is in general similar to provisions of existing law, provides basic authority for the employment of personnel to carry out the act. With exceptions to be noted below, personnel employed in the United States will come under the generally applicable civil service laws; for employees outside the United States, the provisions of the Foreign Service Act may be used.

Subsection (a) contains general authority for the employment of such personnel as the President deems necessary.

Subsection (b) authorizes supergrade positions in the new agency to administer economic assistance and in the Department of State as the agency coordinating economic and military assistance. It provides that not more than 85 persons may be appointed, compensated, or removed without regard to the provisions of any law. Of these 85, up to 60 may be paid more than the salary provided for grade 15 by the Classification Act of 1949 (\$15,030 a year); and of these 60, up to 10 may be paid as much as \$19,000 a year. A proviso gives reinstatement rights to persons appointed to these excepted positions from regular civil service or Foreign Service jobs.

Subsection (c) authorizes supergrade positions for the military assistance program in the United States. Twelve persons in this program may be compensated at rates higher than those provided for grade 15 and of these, 3 may be paid up to \$19,000 a year.

Taken together, subsections (b) and (c) provide for 72 persons who may be compensated at rates higher than that for grade 15, of whom 13 may be paid up to \$19,000. The comparable figures in the present law are 45 and 15, respectively. It is to be noted in this connection, however, that section 624 of the bill (see above) authorizes 12 statutory officers at salaries of from \$20,000 to \$22,500 a year. Under existing law, there are 14 statutory officers, not all of whom are subject to Senate confirmation, at somewhat lower salaries.

It is also to be noted that the bill in subsection (b) provides for 85 persons to be "appointed, compensated, or removed without regard to the provisions of any law." The existing law (sec. 527(b) of the Mutual Security Act) provides for 70 persons to be "compensated without regard to the provisions of the Classification Act of 1949, as amended." This broader authority to waive any law, and to appoint or remove as well as to compensate, applies only to the economic assistance program and to coordination of economic and military assistance. It does not apply to the 12 supergrades provided for the military assistance program in subsection (c).

Subsection (d) of section 625 deals with personnel outside the United States. Paragraph (1) provides that persons so employed, including employees of Government agencies assigned to the program abroad, are to be paid at rates provided by the Foreign Service Act for the Foreign Service Reserve and Staff (not Foreign Service officers) and are to receive allowances and benefits under the terms of the

Foreign Service Act. Persons assigned from other Government agencies under these provisions are given reinstatement rights, except as may be specified otherwise by the President in cases when their assignments are for longer than 30 months. Personnel employed to serve abroad under this paragraph also come under the provisions of section 1005 of the Foreign Service Act, which prohibits political tests and discrimination on account of race, creed, or color. Policymaking officials are specifically exempt from the prohibition on political tests, however. These provisions are comparable to existing law.

Paragraph (2) of subsection (d) authorizes the use of the provisions of the Foreign Service Act generally to carry out the program abroad. An exception is made to authorize initial assignments in the United States for as long as 4 years of persons employed under this paragraph pursuant to the provisions of the Foreign Service Act.

Subsection (e) provides a selection-out process for personnel employed abroad analogous to the selection-out process now provided for Foreign Service officers. The subsection authorizes the President to prescribe performance standards for such personnel. Regardless of other laws, but subject to an appropriate administrative appeal, the President may separate employees who fail to meet those standards. Provision is made for severance benefits at the rate of 1 month's salary for each year of service up to a maximum of a year's salary. The appellate procedure should provide a mechanism for appeal to an authority not involved in the original decision, but provision should be made to assure quick disposition of the appeal. The committee welcomes the initiative of the administration in proposing this provision, which should result in improved performance and better administration.

Subsection (f) is designed to meet a technical difficulty raised by the Comptroller General who has ruled that funds for services of Government employees cannot be obligated except on a month-to-month basis. In the present state of the law and the Comptroller General's rulings, a project agreement with a foreign country can obligate funds for materials for the life of the project, but it can obligate funds for the services of Government employees only for a month at a time. The language of subsection (f) will make it possible to obligate funds for the total cost of the project and will greatly simplify administration.

Subsection (g) applies to personnel in the aid program the principles regarding foreign language competence set forth in section 578 of the Foreign Service Act. This section provides for designation of every position abroad whose incumbent should have a useful knowledge of the country's common language. The Secretary of State is directed to establish appropriate standards of language competence for aid personnel, which should be both adequate and realistic. The committee is tired of hearing of aid program personnel who may be technically qualified but who are unwilling to make the effort necessary to be able to communicate with the people they are supposed to be trying to help.

Subsection (h) reenacts the effect of section 527(e) of the Mutual Security Act of 1954 which provides that U.S. officers and employees performing aid functions may not accept any compensation or other benefit from any foreign country.

E. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS (SEC. 626)

This section, which is generally similar to existing law (secs. 530 and 532 of the Mutual Security Act), provides for the use of experts, consultants, and retired officers in the foreign aid program.

Subsection (a) authorizes the employment of experts, consultants, and organizations of experts and consultants. Individuals so employed may be paid up to \$75 a day plus travel expenses as authorized by the standardized Government travel regulations. Employment under this subsection may be renewed annually, but this authority is limited to 10 persons as experts and consultants, to contracts with 10 retired military officers with specialized research and development experience, and to contracts with 5 retired military officers with specialized experience of a broad politicomilitary nature. There is no limit on the number of organizations of experts and consultants with which contracts may be renewed.

Subsection (b) exempts individuals serving as experts or consultants from the conflict-of-interest laws, except to the extent that those laws prohibit an individual from receiving compensation in connection with any particular matter in which he was directly involved in Government service. It is further provided that service as an expert or consultant is not to be considered as employment for the purposes of laws limiting the reemployment of retired officers or employees, or governing the simultaneous receipt of compensation and retired pay or annuities.

Subsection (c) authorizes the employment of retired officers, but does not waive other provisions of law concerning the simultaneous receipt of salaries and retirement pay.

Subsection (d) authorizes the employment of persons of outstanding experience and ability without compensation in accordance with the applicable provisions of the Defense Production Act of 1950.

The committee does not intend the authority of this section to be used as a device for providing continuing employment of an individual. The executive branch is expected to report to the committee periodically on experts and consultants employed, including in the report an estimate of the duration of their employment and a statement of their qualifications, together with evidence of their competence.

F. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS (SECS. 627-630)

These four sections continue authority now found in sections 528 and 529 of the Mutual Security Act.

Section 627 authorizes the assignment of U.S. Government employees to positions in foreign governments where this does not involve their taking an oath of allegiance to another government or accepting compensation or other benefits from it.

Section 628 provides similar authority for the assignment of U.S. Government employees to international organizations.

These sections make it possible to place technical advisers in foreign governments receiving assistance under the program as well as in such international organizations as SEATO and the OECD.

Section 629 provides that persons so assigned to foreign governments or to international organizations are to continue to be consid-

ered as U.S. Government employees and are to be paid by their parent U.S. Government agency. They are likewise authorized to receive allowances and benefits from their parent agency, and, under Presidential regulations, representation allowances similar to those allowed under the Foreign Service Act. In the past, representation allowances have been available only for employees assigned to international organizations. Under section 629(b), they would be available also for employees assigned to foreign governments. This subsection likewise continues authority to provide representation allowances to personnel assigned to U.S. missions or staffs abroad under section 631 of the bill (see below).

Section 630 spells out the terms under which personnel may be detailed or assigned to foreign governments or international organizations. This may be done:

- (1) Without reimbursement.
- (2) With reimbursement in whole or in part, in dollars or foreign currencies. Funds received as reimbursements are to be credited to the appropriation from which the salary or expenses of the detailed employee are paid.
- (3) Upon agreement by the foreign government or international organization to make available funds, property, or services for specified uses in the foreign aid program.
- (4) Upon receipt by the United States of a credit to be applied against its share of the expenses of an international organization.

G. MISSIONS AND STAFFS ABROAD (SEC. 631)

This section provides authority, similar to that now found in section 526 of the Mutual Security Act, for the maintenance of special missions and staffs abroad and for the appointment and compensation of the chiefs and deputy chiefs of those missions and staffs.

This authority has been used in the past to establish U.S. operations missions (USOM's) concerned with carrying out nonmilitary assistance. The chief and his deputy, as is now the case, are to be appointed by the President and may be removed by the President in his discretion. The chief of a mission may be paid, as the President may determine, at any of the rates provided for the Foreign Service Reserve and Staff (maximum of \$19,650 a year) or at the rates provided under the Foreign Service Act for chiefs of mission, class 3 or 4 (maximum, \$22,500 a year). The chief of a mission is also authorized to receive the allowances provided for Foreign Service officers receiving comparable salaries. The same provisions are in existing law.

H. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES (SEC. 632)

This section contains provisions analogous to those in the existing law (secs. 505 and 522 of the Mutual Security Act) regarding what are essentially bookkeeping transactions among Government agencies.

Subsection (a) authorizes the President to allocate or transfer to any agency any part of the funds available under the bill. This complements the authority given the President in section 621(a) (see above) to exercise any of his functions under the bill through any Government agency.

Subsection (b) provides that the services or facilities of any Government agency may be used in carrying out the program at the direction

of the President or with the consent of the head of the agency concerned. Under the same conditions, any Government agency may supply commodities or defense articles for use in the program. Funds allocated to any agency for these purposes are to be kept in separate accounts.

Subsection (c) deals with goods or services procured from Government agencies in connection with economic assistance. Reimbursement, when required, is to be made from economic assistance funds and may be either at replacement cost, at actual cost if required by law, or at any other legal price agreed to by the owning or disposing agency. The amount of the reimbursement is to be credited to the current applicable appropriation from which replacements of similar goods or services may be procured. However, if the owning agency determines that replacement is not necessary, the reimbursement is to be deposited into the Treasury as miscellaneous receipts.

Subsection (d) deals with goods and services procured from Government agencies in connection with military assistance. Reimbursement, in this case, is to be in an amount equal to the value of the assistance furnished (other than the salaries of members of the Armed Forces) plus expenses incidental to furnishing it. The reimbursement is to be credited to the current applicable appropriation of the furnishing agency. This section is designed mainly to cover transactions within the Department of Defense. It does not apply to sales under section 507 or to actions pursuant to the President's special authority under section 510. (See above.)

Subsection (e) authorizes the actions necessary to furnish assistance through normal commercial channels. It provides that, subject to terms and conditions approved by the Secretary of the Treasury, bank accounts may be established against which letters of commitment may be issued and from which withdrawals may be made by recipient countries upon the presentation of appropriate documentation. Funds thus expended are to be accounted for on standard documentation required for Government expenditures, but the Comptroller General is authorized to approve other regulations for accounting for funds spent in offshore procurement.

Subsection (f) provides that loans made by the Export-Import Bank with foreign aid program funds are not to be counted in determining the total of the Bank's loans and guaranties for purposes of the limitation imposed on those loans and guaranties by the Export-Import Bank Act. This is an appropriate exemption, inasmuch as the Bank does not use its own resources in making these loans but rather acts simply as an agent for the foreign aid program.

Subsection (g) provides that initially any economic assistance appropriation may be charged with the expenses of any economic assistance program, but that at the end of the fiscal year a rectification of accounts is to be made with the expenses finally charged to the proper appropriation unless the complexities of segregating expenses and identifying the proper appropriation are too great. This will make it possible, for example, for the initial costs of a particular activity to be charged to either development grants or supporting assistance, with the proper distribution of charges against both appropriations to be made at the end of the fiscal year. This final distribution need not be exact, however. For example, a single appropriation may be charged with the salary and expenses of a technician

FOREIGN ASSISTANCE ACT OF 1961

43

who spends part of his time working on a technical assistance project funded from development grants and part of his time working on other projects funded from supporting assistance.

I. WAIVERS OF CERTAIN LAWS (SEC. 633)

This section provides authority (now found in secs. 107 and 533 of the Mutual Security Act) to waive certain laws in carrying out the foreign assistance program.

Subsection (a) authorizes the President, whenever he determines it to be in furtherance of the purposes of the bill, to waive such laws as he may specify (other than the Renegotiation Act) relating to Government contracts and expenditures.

Subsection (b) authorizes a waiver of such provisions as the President may specify of the Neutrality Act.

Subsection (c) authorizes the assignment of Defense Department personnel to any civil office to carry out the bill, notwithstanding statutory provisions to the contrary.

All of the laws which may be waived under this section were passed to meet situations which are not applicable to the foreign assistance program. It was found necessary to waive these laws early in the history of the program, and an attempt to apply these laws to the program would greatly increase the difficulties and complexities of carrying out the program successfully.

J. REPORTS AND INFORMATION (SEC. 634)

This section brings together in one place, with minor changes, provisions now found in many sections of the Mutual Security Act and related appropriation acts.

Subsection (a) requires annual reports to Congress as long as funds under the bill remain available for obligation.

Subsection (b) requires that there be made public in these reports, as well as in response to requests from Members of Congress or inquiries from the public, all information concerning operations under the bill not considered by the President to be "incompatible with the public interest." The corresponding phrase in the present law (sec. 550 of the Mutual Security Act) is "incompatible with the security of the United States."

Subsection (c) provides that information relating to economic assistance must be furnished to the General Accounting Office and to congressional committees within 35 days after requested. Otherwise, unless the President certifies that he has forbidden the furnishing of the information, and tells why, funds cannot be used in the country, or with respect to the project or activity, in connection with which the information was requested.

Subsection (d) provides for special annual reports to the Speaker of the House and the Appropriations and Foreign Relations Committees of the Senate. These are to include all actions, with a justification therefor, which resulted in substantial changes in the nature, extent, or recipients of assistance as compared with the program presented to Congress. There are specifically to be included actions resulting in obligations or reservations greater by 50 percent than the obligations or reservations proposed for an activity in the congres-

sional presentation. This section also requires prompt notification of the same committees of any determinations waiving the 50-50 shipping provision with regard to the Indus Basin development, transferring funds between accounts, waiving the requirements of the act under the President's special authority in section 614(a), or using supporting assistance funds to meet U.S. objectives or responsibilities in Germany including West Berlin.

It may be noted that the present law requires all of these reports under this subsection to be made promptly, whereas under the bill the reports on program changes need be made only annually. The bill likewise drops the requirement of the present law (sec. 513 of the Mutual Security Act) that the Senate Armed Services Committee be notified when program changes involve military assistance.

K. GENERAL AUTHORITIES (SEC. 635)

This section provides a series of authorities necessary to carry out the foreign aid program. Most of these authorities are already in the law in one place or another.

Subsection (a) provides that except as otherwise specified, assistance may be furnished on any terms thought to be best suited to accomplishing the purposes of the program. This naturally includes grants or any sort of credit. It also includes payment in foreign currencies or in kind. The broad authority of this subsection does not extend to development loans which are specifically required to be repayable in dollars (see sec. 201 above). This authority is necessary with respect to development grants, supporting assistance, and military assistance in order to provide maximum flexibility in working out terms of repayment so as to avoid putting the whole program on a grant basis. In this connection, it is to be noted that the bill specifies that assistance is to emphasize loans rather than grants whenever possible.

Subsection (b) authorizes the President, except as otherwise specifically provided, to deal with any individual or entity in carrying out the program.

The committee understands that the new aid agency plans to make the fullest practicable use of the services of expert, technical personnel of existing international organizations such as the IBRD and the IMF. Such personnel can be of considerable assistance in investigating and developing the details of self-help measures such as the fiscal and monetary reforms, auxiliary tax laws, and so forth, which ought to be undertaken by recipient countries as an essential condition of our long-term assistance.

The committee believes that the greatest practicable use should be made under this section of the services and facilities of voluntary agencies.

Subsection (c) authorizes the President to accept and use donations in connection with the program.

Subsection (d) authorizes payment of the cost of health and accident insurance for foreign participants in technical assistance activities while such participants are absent from their homes. This authority is now found in section 537(b) of the Mutual Security Act. The insurance provided costs an average of \$35 per year per participant, or a total in fiscal 1961 of \$240,000.

Subsection (e) provides for the admission to the United States of foreign participants as nonimmigrants under the Immigration and Nationality Act under conditions to be prescribed by the Secretary of State and the Attorney General. Similar authority now exists with respect to persons brought to the United States under the Smith-Mundt Act, but not with respect to persons brought here under the foreign aid program.

Subsection (f) provides authorities generally similar to those now vested in the DLF in connection with making loans. The President may issue letters of credit and letters of commitment, collect or compromise obligations, acquire and dispose of property (except equity security), and—subject to the laws applying to Government corporations—determine the manner in which loan expenditures shall be paid. Paragraph (5) of subsection (f) provides that lending operations are to be accounted for in accordance with the Government Corporation Control Act and are to be audited by the General Accounting Office.

Subsection (g) provides that contracts involving funds for development grants, development research, or military assistance may extend for 5 years, subject to future congressional action. This is an enlargement of the present law, which provides that technical assistance contracts may extend for 3 years (sec. 307(a), Mutual Security Act).

Subsection (h) provides for the settlement or arbitration of claims arising from the investment guaranty program on such terms and conditions as the President may direct. This authority may be particularly useful in the event that claims based upon disputed facts arise under the broadened investment guaranties provided by this bill.

Subsection (i) exempts operations under the bill from the Johnson Act (18 U.S.C. 955), which prohibits American citizens from making loans to countries in default of their obligations to the U.S. Government. Without this exemption, private business would be prohibited from participating in the program in some countries, despite the emphasis which the bill puts on private participation. (See sec. 601 above.)

L. PROVISIONS ON USES OF FUNDS (SEC. 636)

This section specifies at length and in detail some of the uses to which foreign aid and related funds may be put. Most of these are now in existing law, and most of them are necessary either because of Comptroller General rulings or because of the specific requirements of other laws.

Subsection (a) deals with economic assistance and other specified funds. Paragraph (1) authorizes the rent of buildings and of space in buildings in the United States and the repair, alteration, and improvement of leased properties. The present law (sec. 537(a)(1) of the Mutual Security Act) is limited to authorizing payment of rents in the District of Columbia. The broader authority here provided would make possible the acquisition of warehouse space on the east and west coasts in connection with the proposed program for the advance acquisition of excess property. (See sec. 608 above.)

Paragraph (2) authorizes the payment of expenses of attendance at meetings concerned with the foreign aid program. It is identical to section 537(a)(2) of the Mutual Security Act.

Paragraph (3) authorizes contracting with individuals for personal services abroad, but provides that such individuals are not to be

considered U.S. Government employees for the purposes of the civil service or other laws. This is similar to, but more narrowly defined than, section 537(a)(3) of the Mutual Security Act.

Paragraph (4) authorizes the purchase, maintenance, operation, and hire of aircraft, but provides that aircraft for administrative purposes may be purchased only as specifically provided by law. This is identical to section 537(a)(4) of the Mutual Security Act.

Paragraph (5) authorizes the purchase and hire of passenger motor vehicles, but with several limitations. Except as may be otherwise provided by law, passenger cars for administrative purposes outside the United States may be purchased for replacement only. The cost of a car for a mission chief abroad cannot exceed \$3,500, and passenger cars for use in the United States may be purchased only as specifically provided by law. Special provision is made for a car for the head of the new aid agency. This paragraph is similar to section 537(a)(5) of the Mutual Security Act.

Paragraph (6) authorizes entertainment expenses of \$25,000 a year worldwide. The present law (sec. 537(a)(6) of the Mutual Security Act) limits the authorization to \$15,000 for entertainment in the United States. This is in addition to representation allowances which may be provided under sections 625(d)(2), 629(b), and 631(b). (See above.)

Paragraph (7) authorizes exchange of funds and loss by exchange. It is identical to section 537(a)(7) of the Mutual Security Act.

Paragraph (8) authorizes confidential expenditures of \$50,000 a year and is identical to section 537(a)(8) of the Mutual Security Act.

Paragraph (9) authorizes insurance of official motor vehicles and aircraft abroad. Existing law (sec. 537(a)(9) of the Mutual Security Act) limits this authority to motor vehicles.

Paragraph (10) authorizes the rent or lease abroad for up to 10 years of offices, buildings, grounds, and living quarters. It also authorizes expenses for furnishing, maintaining, and improving such facilities, including those which are made available to the United States on a basis other than rent or purchase. Lease payments may be made in advance. The existing law (sec. 537(a)(10) of the Mutual Security Act) does not contain this authority for advance payments or the 10-year limitation on leases; neither does it contemplate the use of buildings other than those owned or rented, for example, those which may be made available by the country receiving aid.

Paragraph (11) authorizes expenses incident to the death of persons and dependents who die away from home while participating in the economic assistance program. This authority includes the costs of caring for and disposing of the remains of such persons, including preparing and transporting the remains to the persons' former homes. In the case of foreign participants, transport to a place of burial other than the former home is also authorized. This latter provision is the only new authority compared to what is now provided by section 537(a)(11) of the Mutual Security Act.

Paragraph (12) authorizes purchase of uniforms and is identical to section 537(a)(12) of the Mutual Security Act.

Paragraph (13) authorizes payment of per diem living allowances to foreign participants away from their homes in countries other than the United States at rates not exceeding those provided by the standardized Government travel regulations. It is identical to section 537(a)(13) of the Mutual Security Act.

Paragraph (14) authorizes use of economic assistance and certain other specified funds in accordance with authorities of the Foreign Service Act, not otherwise provided for. This is a catchall provision, similar to section 537(a)(14) of the Mutual Security Act.

Paragraph (15) authorizes purchase of ice and drinking water for use outside the United States and is similar to section 537(a)(15) of the Mutual Security Act.

Paragraph (16) authorizes payment for the services of commissioned officers of the Coast and Geodetic Survey. It also authorizes the Survey to appoint up to 20 officers in addition to those otherwise authorized. Similar authority is provided by section 537(a)(16) of the Mutual Security Act which also authorizes an additional 20 officers of the Public Health Service. This latter authority is not carried forward, because the Department of Health, Education, and Welfare is now considered to have adequate authority to provide these public health officers.

Paragraph (17) authorizes payment of foreign travel expenses, including the costs of transporting personal effects and household goods, and the expenses of transporting and/or storing automobiles. The paragraph is designed especially to meet situations when the travel or transportation begins in one fiscal year and is completed in another. It is generally similar to existing law (sec. 537(a)(17) of the Mutual Security Act). The committee expects this authority to be used to provide transportation at reasonable rates.

Subsection (b) authorizes both economic and military assistance funds to be used for personal compensation, allowances, and travel; and for printing and binding without regard to any other law. This means primarily the law requiring all printing to be done by the Government Printing Office, a procedure which is not always practicable. The subsection also provides that such laws as may be necessary may be waived in connection with expenditures abroad for supplies, services, and other administrative and operating expenses, other than compensation of personnel. This subsection is substantially identical to section 411(d) of the Mutual Security Act.

Subsection (c) authorizes up to \$4 million a year to be used for the construction or other acquisition abroad of living quarters, office space, supporting facilities, schools, dormitories, boarding facilities, and hospitals for use by U.S. Government employees and their dependents. These funds may also be used to equip, staff, operate, and maintain schools and hospitals under this provision. All of this may be done without regard to any other law. Section 537(c) of the Mutual Security Act now provides authority to use up to \$27,750,000 of Korean assistance funds for comparable facilities in Korea, and up to \$4,250,000 of other funds for comparable facilities elsewhere, but the only law which is waived is section 406(a) of Public Law 85-241 which deals with military construction. The authority given here is to use funds available under the bill (other than those for development loans). This subsection does not authorize additional funds.

Subsection (d) makes available up to \$1.5 million of the funds available under the bill (other than for development loans) for use in any fiscal year to provide assistance to schools abroad in lieu of acquiring or building schools under the authority of subsection (c). This authority, which has no counterpart in existing legislation, is especially needed in Africa.

Subsection (e) provides authority for paying the costs of training American citizens engaged in the foreign aid program at State, local, or private institutions. This subsection is substantially identical to section 537(e) of the Mutual Security Act. It includes authority, which the committee hopes will be used, to provide training in the techniques of organizing and operating credit unions, cooperatives, and similar institutions.

Subsection (f) authorizes the use of development grant funds for nonadministrative expenses in connection with development loans, disposal of surplus agricultural commodities under Public Law 480, and functions under the act to provide for assistance in the development of Latin America and in the reconstruction of Chile. This authority is designed to pay for technical experts and other expenses not included in the administrative budget to assist in the effective utilization of assistance.

Subsection (g) deals with the uses of funds made available for military assistance.

Paragraph (1) authorizes the use of these funds for administrative, extraordinary, and operating expenses. Section 103(b) of the Mutual Security Act now provides authority to use military assistance funds for administrative and operating expenses. The addition of the word "extraordinary" is designed to allow the military assistance program to provide limited spending money for foreign military trainees who come to the United States so that those trainees may acquire a greater exposure to American culture. There are more than 20,000 of these trainees and other military visitors a year. The committee has inserted a limitation of \$300,000 and expects a report after 6 months on how the funds have been used.

Paragraph (2) authorizes the reimbursement of actual expenses of military officers assigned as tour directors in connection with orientation visits of foreign military personnel. This provision has no counterpart in existing law, but the committee feels it is necessary in order to provide a proper reception for foreign military personnel without imposing an undue hardship on American officers.

Paragraph (3) authorizes the maintenance, repair, alteration, and furnishing of U.S.-owned facilities for the training of foreign military personnel, without regard to other provisions of law. This is designed to make it possible for the United States to provide facilities for an Inter-American Defense College should such an institution materialize.

M. ADMINISTRATIVE EXPENSES (SEC. 637)

This section authorizes appropriations of \$51 million for administrative expenses for the agency in charge of economic assistance. It is proposed to add to that amount unobligated balances currently estimated to be \$1 million, thus providing \$52 million for administrative expenses. This authorization is for the administrative expenses of programs well in excess of \$3 billion (including functions under Public Law 480 and the special Latin American program), and is somewhat less than 2 percent of the value of the programs to be administered.

PART III

CHAPTER 3. MISCELLANEOUS PROVISIONS

A. EFFECTIVE DATE (SEC. 641)

The section provides that the bill shall be effective as of the date of its enactment and may be cited as the "Foreign Assistance Act of 1961." It also provides that the foreign assistance program shall be identified appropriately overseas as American Aid.

B. STATUTES REPEALED (SEC. 642)

This section repeals earlier foreign aid legislation and reorganization plans replaced by this bill.

Subsection (a) spells out what is repealed. This is:

(1) Reorganization Plan No. 7 of 1953, which provided for the organization of the Foreign Operations Administration and from which much of the authority for the International Cooperation Administration is derived. This is replaced by the organizational structure provided in sections 621 and 624 of the bill.

(2) The Mutual Security Act of 1954, as amended, which is the basic foreign aid legislation. Certain sections of this act, however, are specifically continued in force. These are:

Section 143, which provides conditions for assistance to Yugoslavia.

Section 402, which earmarked \$175 million of foreign aid funds in fiscal 1961 for financing the export and sale for foreign currencies or the grant of surplus agricultural commodities. Although this provision, which applied only to fiscal 1961 is obsolete, the section also contains authority for the subsequent use of the foreign currencies received for surplus commodities, as well as a statement that such commodities available for transfer abroad under any act may also be made available to the maximum extent practicable to eligible domestic recipients or to needy persons in the United States.

Section 405(a), which authorizes U.S. membership in the Inter-governmental Committee for European Migration and appropriation for the expenses incident thereto.

Section 405(c), which authorizes appropriations for fiscal 1961 for contributions to the program of the U.N. High Commissioner for Refugees.

Section 405(d), which authorizes appropriations for the fiscal year 1961 for the escapee program.

Section 408, which authorizes U.S. participation in NATO and appropriations for expenses incident thereto.

Section 414, which provides permanent authority for the control of exports and imports of arms, ammunition, and implements of war.

Section 417, which authorizes disposition of the unencumbered balance of Irish pounds remaining from the Irish counterpart account accumulated during the European recovery program.

Section 502(a), which provides authority for the use of foreign currency accruing under the provisions of section 550 of the Mutual Security Act of 1951, as amended, which provided for the sale of surplus agricultural commodities for foreign currency.

Section 502(b), which authorizes the use of foreign currency by congressional committees.

Section 514, which requires, upon request from the Secretary of State, reservation of foreign currencies for international educational exchange activities.

Section 523(d), which is amended. (See sec. 707 below.)

Section 533A, which provides for the Office of the Inspector General and Comptroller and prescribes its functions. In leaving this section in the law, the committee intends that this Office, which has recently fallen into disuse, should be reinvigorated without relieving either the new aid agency or the Department of Defense of the obligation of conducting their own investigations and evaluations.

Section 536, which authorizes U.S. participation in the Joint Commission on Rural Reconstruction in China.

Section 552, which prohibits assistance to Cuba unless the President determines it to be in the national and hemispheric interest of the United States.

Other statutes repealed are:

(3) Section 12 of the Mutual Security Act of 1955 which declares that the Communist regime should not be recognized to represent China in the United Nations. This statement has subsequently been reiterated.

(4) Sections 12, 13, and 14 of the Mutual Security Act of 1956. Section 12 authorizes peaceful atomic energy research reactor projects which have subsequently been carried out, thereby rendering the section obsolete. Section 13 recommended the transfer of up to \$11 million of fiscal year 1957 mutual security funds to the Department of State for international educational exchange activities, and is also obsolete. Section 14 expressed the sense of Congress that in the preparation of the mutual security program the President should take affirmatively into account the desirability of promoting the economic development of underdeveloped countries. This provision also has served its purpose.

(5) Section 503 of the Mutual Security Act of 1958, which expressed the sense of Congress that the President should seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development. This provision has largely been met by the Act of Bogotá and implementing legislation.

(6) Section 108 of the Mutual Security Appropriation Act, 1959, which authorizes not to exceed 50 percent of the foreign currencies generated by sales of surplus agricultural commodities under section 402 to be used in accordance with the provisions of that section.

(7) Section 501(a), Chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959. Section 501(a) is a policy statement to the effect that it is the policy of the United States to accelerate its efforts to encourage and support international health programs. Chapter VI provided for a study, which has since been made, of the feasibility of a Center for Cultural and Technical Interchange between East and West. Section 702 authorized appropriations for expenses incident to the annual meeting of the NATO Parliamentarians' Conference in Washington in 1959. Section 703 authorized the use of \$10 million of Mutual Security funds in connection with the World Refugee Year, which has since passed.

(8) Section 604 and chapter VIII of the Mutual Security Act of 1960. Section 604 directed a study of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities.

FOREIGN ASSISTANCE ACT OF 1961

51

The study has been made, and its results are partially apparent in this bill. Chapter VIII authorized a study of the feasibility of a hemisphere center for cultural and technical interchange.

Subsections (b) and (c) of section 642 are in effect saving provisions. They transfer to this bill the references in law to acts or provisions of acts which are repealed, and they provide that the repeal of these acts shall not affect amendments to other acts contained in such acts.

C. SAVING PROVISIONS (SEC. 643)

This section is designed to preserve continuity in the foreign aid program during the period of transition from prior legislation to the pending bill.

Subsection (a) provides that, except as otherwise specified in the bill, all actions taken under legislation repealed by the bill will continue in effect until modified by appropriate authority.

Subsection (b) provides that wherever provisions of the bill establish conditions for the use of authority or funds, compliance with substantially similar conditions in repealed acts will suffice. This provision will make it unnecessary to renegotiate numerous executive agreements relating to the foreign aid program.

Subsection (c) provides that funds made available pursuant to the Mutual Security Act of 1954, as amended, shall continue available unless otherwise provided by law.

Subsection (d) is a special provision relating to the Peace Corps. This agency was created under authority of the Mutual Security Act, which is repealed by this bill; and without a provision such as is contained in subsection (d), the Peace Corps would automatically expire with the enactment of this bill. Subsection (d) preserves the Peace Corps in status quo until the enactment of permanent Peace Corps legislation or the adjournment of this session of Congress, whichever is earlier. Thus, if Congress adjourns without enacting Peace Corps legislation, the corps is dead in any event.

D. DEFINITIONS (SEC. 644)

This section defines 13 terms used throughout the bill.

(a) "Agency of the United States Government" is to include "any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment" of the Government.

(b) "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" means "any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance."

(d) "Defense article" means—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed * * *; or

(4) any component or part of any article listed * * *.

It is specifically provided that "defense article" shall not mean merchant vessels or source material, byproduct material, special nuclear material, or atomic weapons as defined by the Atomic Energy Act.

(e) "Defense information" is to include "any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service." But it does not include restricted data and formerly restricted data under the terms of the Atomic Energy Act.

(f) "Defense service" means "any service, test, inspection, repair, training, training aid, publication, or technical or other assistance." This includes limited quantities of defense articles for test, evaluation, or standardization, as well as defense information.

(g) "Excess defense articles" means defense articles owned by the United States in excess of the mobilization reserve.

(h) "Function" means "any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity."

(i) "Mobilization reserve" means the defense articles determined to be required, in accordance with Presidential regulations, to support mobilization of the Armed Forces in the event of war or national emergency.

(j) "Officer or employee" means members of the Armed Forces and civilian personnel of the U.S. Government.

(k) "Services" means "any service, repair, training of personnel, or technical or other assistance or information used for the purpose of furnishing nonmilitary assistance."

(l) "Surplus agricultural commodity" is defined to mean—

any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" is given two definitions, depending on whether it refers to excess or nonexcess defense articles. With respect to excess defense articles, it means, "the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles." With respect to nonexcess defense articles, it means "the price obtaining for transfers of such articles between the Armed Forces" or, where such transfers do not take place, "the gross cost to the United States Government adjusted as appropriate for condition and market value."

These definitions do not differ in substance from those in existing law, though they have been clarified in some respects.

E. UNEXPENDED BALANCES (SEC. 645)

This has become a standard section in foreign aid legislation authorizing the continued availability of unexpended balances. In this case it applies to funds made available under the Mutual Security Act of 1954, which is repealed by this bill. These balances may be consolidated with each other and with appropriations for the same general purposes under this bill.

F. CONSTRUCTION (SEC. 646)

This section is a standard separability provision to the effect that the invalidity of any provision of the act or of its application to any persons or circumstances shall not affect the remainder of the act or the applicability of such provision to other persons or circumstances.

PART IV. AMENDMENTS TO OTHER LAWS

A. FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949
(SEC. 701)

This section amends section 203 of the Federal Property and Administrative Services Act of 1949, as amended, which deals with the disposal of surplus property. A new subsection (p) would be added to section 203 authorizing foreign currency to be accepted in the disposal of surplus property. The purpose of this amendment is to make it easier for private business in underdeveloped areas to acquire surplus property in cases in which private businesses could pay for the property in foreign currency but not in dollars. This is consistent with the emphasis in the bill on encouraging the growth of free enterprise in underdeveloped countries, although the amendment is not limited to sales to private business.

B. MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951 (SEC. 702)

Section 702 of the bill amends the Mutual Defense Assistance Control Act (the Battle Act) so as to authorize appropriation to the Department of State of funds necessary for administering the act. This amendment is effected by striking out the existing section 305 of the Battle Act and inserting appropriate authorizing language. Section 305 of the Battle Act as it now reads repeals certain other provisions of law, which have not been in effect for several years. In order to preserve this repealing action, section 702(b) of the bill provides that it shall continue in effect. This is a technical change without substantive effect.

C. AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954
(SEC. 703)

Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) now makes available up to 25 percent of the foreign currencies received from sales of surplus agricultural commodities under title I of that law for loans to private business abroad. These loans, under the terms of the existing law, are made by the Export-Import Bank. Under the amendment made by section 703 of the bill, these loans will be made by "such agency as the President shall direct"; so that it could be the Export-Import Bank or some other agency. The agency contemplated to make these loans is the new aid agency.

D. JOINT RESOLUTION TO PROMOTE PEACE AND STABILITY IN THE
MIDDLE EAST (SEC. 704)

This joint resolution, which was passed in 1957 to meet an emergency situation in the Middle East, requires reports from the President to Congress in the months of January and July of each year. Although it is considered advisable to retain some of the authority of this resolution, this authority is now infrequently exercised. The amendment made by section 704 will require the President to report to Congress "whenever appropriate" instead of in January and July. By "whenever appropriate," the committee means whenever he uses the authority of the joint resolution or takes action under it.

E. INTERNATIONAL HEALTH RESEARCH ACT OF 1960 (SEC. 705)

This section amends the International Health Research Act of 1960 to authorize the President to delegate his authority under that act to any officer or head of agency as he deems appropriate, as well as to the Secretary of Health, Education, and Welfare. Experience has demonstrated that in some instances it may be more appropriate for functions under this act to be carried out by an agency (e.g., the new aid agency) other than the Department of Health, Education, and Welfare.

F. ACT TO PROVIDE FOR ASSISTANCE IN THE DEVELOPMENT OF LATIN
AMERICA (SEC. 706)

When Congress passed the Act for Latin American Development and Chilean Reconstruction last year it inadvertently omitted basic authority similar to that provided in part III of this bill. The amendment made by section 706 corrects this legislative oversight by permitting the use of such funds pursuant to such provisions of the foreign aid bill as the President determines to be necessary.

G. IMPROPER CURRENCY TRANSACTIONS ABROAD (SEC. 707)

Last year the committee inserted, and the Congress approved, section 523(d) of the Mutual Security Act providing that, whenever the President determined that the achievement of United States foreign policy objectives in a given country so required, he could direct the Ambassador there to issue regulations applicable to members of the Armed Forces, to U.S. Government officers and employees, and to U.S. Government contractors and their employees, governing the extent to which their pay and allowances received and to be used in that country should be paid in local currency.

This provision was motivated by a glaring scandal involving Air Force personnel in black-market currency operations in Turkey. Although no further scandals have come to light, the committee is not satisfied that the concern which it expressed a year ago has been taken sufficiently to heart by the executive branch. No regulations have been issued under the authority of section 523(d). The committee has therefore narrowed the criteria to be observed. Instead of providing that these regulations may be issued -

whenever the President determines that the achievement of
U.S. foreign policy objectives in a given country requires
it—

the new language provides that they may be issued—

whenever the President determines that prevention of improper currency transactions in a given country requires it.

The committee expects a report within a reasonable time on action taken under this section.

6. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

REORGANIZATION PLAN NO. 7 OF 1953

(Prepared by the President and transmitted to the Senate and House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended. Effective August 1, 1953)

FOREIGN OPERATIONS ADMINISTRATION

SECTION 1. *Establishment of Foreign Operations Administration.*

(a) There is hereby established a new agency which shall be known as the Foreign Operations Administration, hereinafter referred to as the "Administration."

(b) There shall be at the head of the Administration a Director of the Foreign Operations Administration, hereinafter referred to as the "Director." The Director shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of \$22,500 a year. The Secretary of State shall advise with the President concerning the appointment and tenure of the Director.

(c) There shall be in the Administration a Deputy Director of the Foreign Operations Administration, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$15,000 a year. The Deputy Director shall perform such functions as the Director shall from time to time designate, and shall act as Director during the absence or disability of the Director or in the event of a vacancy in the office of Director.

(d) There are hereby established in the Administration six new offices with such title or titles as the Director shall from time to time determine. Appointment thereto shall be by the President, by and with the advice and consent of the Senate. The compensation for each of two of the said offices shall be at the rate of \$16,000 a year and the compensation for each of the other four offices shall be at the rate of \$15,000 a year. The persons appointed to the said new offices shall perform such functions as the Director shall from time to time designate, and are authorized to act as Director, as the Director may designate, during the absence or disability of the Director and the Deputy Director or in the event of vacancies in the offices of Director and Deputy Director.

SEC. 2. *Transfer of functions to the Director.* There are hereby transferred to the Director:

[(a) All functions vested by the Mutual Security Act of 1951, as amended, or by any other statute in the Director for Mutual Security provided for in section 501 of that Act, or in the Mutual Security Agency created by that Act, or in any official or office of that Agency, including the functions of the Director for Mutual Security as a member of the National Security Council.

[(b) All functions vested by the Mutual Defense Assistance Control Act of 1951 in the Administrator created by that Act.

[(c) The functions vested by section 6 of the Yugoslav Emergency Relief Assistance Act of 1950 in the Secretary of State.

[SEC. 3. *Institute of Inter-American Affairs.* The Institute of Inter-American Affairs, together with its functions, is hereby transferred to the Administration. All functions vested by the Institute of Inter-American Affairs Act in the Secretary of State are hereby transferred to the Director. Functions with respect to serving as employees of the said Institute or as members of the board of directors thereof, including eligibility, as the case may be, to be detailed as such employees or to serve as such members, are hereby transferred from the officials and employees of the Department of State to the officials and employees of the Administration. The Institute shall be administered subject to the direction and control of the Director.

[SEC. 4. *National Advisory Council.* The Director shall be a member of the National Advisory Council on International Monetary and Financial Problems (22 U.S.C. 286b).

[SEC. 5. *Performance of functions transferred to the Director.* The Director may from time to time make such provisions as he shall deem appropriate authorizing the performance by another officer or by any employee or organizational entity, of the Administration, of any function of the Director, except the function of being a member of the National Security Council and the function of being a member of the National Advisory Council on International Monetary and Financial Problems.

[SEC. 6. *Transfer of functions to the President.* All functions vested in the Secretary of State by the United Nations Palestine Refugee Aid Act of 1950 are hereby transferred to the President.

[SEC. 7. *Incidental transfers.* (a) Personnel, property, records, and unexpended balances of appropriations, allocations, and in other funds, employed, used, held, available, or to be made available in connection with functions transferred or vested by this reorganization plan shall be transferred, at such time or times as the Director of the Bureau of the Budget shall direct, as follows:

[(1) So much of those relating to functions transferred to or vested in the Director or the Administration as the Director of the Bureau of the Budget shall determine shall be transferred to the Administration.

[(2) Those of the Institute of Inter-American Affairs shall be transferred along with the Institute.

[(3) So much of those relating to the functions transferred by section 6 hereof as the Director of the Bureau of the Budget shall determine shall be transferred to the agency or agencies of the Government to which the President delegates the said functions.

[(b) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 8. Abolitions. (a) There are hereby abolished:

[(1) The offices of Director for Mutual Security and Deputy Director for Mutual Security, provided for in sections 501 and 504, respectively, of the Mutual Security Act of 1951, as amended (including the organization in the Executive Office of the President known as the Office of the Director for Mutual Security).

[(2) The Mutual Security Agency.

[(3) The title of Administrator provided for in the Mutual Defense Assistance Control Act.

[(4) The four positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended.

[(5) The offices of Administrator and Deputy Administrator for Technical Cooperation, provided for in section 413(a) of the Act for International Development, as amended, together with the functions vested in the Administrator by the said section 413(a), as amended.

[(6) The offices of the Special Representative in Europe and Deputy Special Representative in Europe, provided for in section 504(a) of the Mutual Security Act of 1951, as amended. The abolition of the said offices of Representatives, and Deputy Representative shall become effective on September 1, 1953 (unless a later date is required by the provisions of section 6(a) of the Reorganization Act of 1949, as amended).

[(b) The Director shall wind up any outstanding affairs of the aforesaid abolished agencies and offices not otherwise provided for in this reorganization plan.

SEC. 9. Interim provisions. The President may authorize the persons who, immediately prior to the effective date of this reorganization plan, hold offices or occupy positions abolished by section 8 hereof to hold offices and occupy positions under section 1 hereof until the latter offices and positions are filled pursuant to the provisions of the said section 1 or by recess appointment, as the case may be, but in no event for any period extending more than 60 days after the said effective date, as follows:

[(a) The Director and Deputy Director for Mutual Security as the Director and Deputy Director of the Foreign Operations Administration, respectively.

[(b) The Administrator for Technical Cooperation and the person occupying the senior position provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the two senior positions created by section 1(d) thereof.

[(c) The Deputy Administrator for Technical Cooperation and the persons occupying the three positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the four positions created by section 1(d) hereof which have compensation at the rate of \$15,000 a year.]

MUTUAL SECURITY ACT OF 1954, AS AMENDED

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That this Act may be cited

as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

TABLE OF CONTENTS

- [Chapter I—MILITARY ASSISTANCE
- [Chapter II—ECONOMIC ASSISTANCE
 - [Title I—DEFENSE SUPPORT
 - [Title II—DEVELOPMENT LOAN FUND
 - [Title III—TECHNICAL COOPERATION
 - [Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS
- [Chapter III—CONTINGENCY FUND
- [Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS

[SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

[(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communists intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

[(c) Programs authorized by this Act continue to serve the following principal purposes:

[(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

[(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

[(d) It is the sense of the Congress that inasmuch as—

[(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

[(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

[(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world; those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

[(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

[(f) It is the sense of the Congress that inasmuch as—

[(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and

[(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways; assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

[CHAPTER I—MILITARY ASSISTANCE

[SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the

United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

【The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

【The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

【SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

【SEC. 103. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

【(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

【(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish mili-

tary assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

[(d) The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed \$55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(c) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.

[SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000, less amounts already contributed for such purpose. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

[(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

[(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

[SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

[(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

[(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

[(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

[(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

[(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics.

[(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

[SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the

President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

[(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

[(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

[SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307(a), and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

[(b) Notwithstanding the provisions of title 10, United States Code, sections 3544(b) and 8544(b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.]

SEC. 108. TRANSFERS OF MILITARY EQUIPMENT TO JAPAN.—* * *
(Repealed—1957)

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND
DIRECT FORCES SUPPORT.—* * * (*Repealed—1957*)

【CHAPTER II—ECONOMIC ASSISTANCE

【TITLE I—DEFENSE SUPPORT

【SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort: *Provided*, That either all documents, papers, communications, audits, reviews, findings, recommendations, reports and other material which relate to operations or activities under this title are furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this title, upon request of the General Accounting Office or such committee or subcommittee as the case may be, or the President certifies that he has forbidden the information to be furnished pursuant to such request and gives his reasons for doing so. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

【(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 to carry out the purposes of this section not to exceed \$675,000,000, which shall remain available until expended.

【(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

【(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.】

SEC. 132. KOREAN PROGRAM.—* * * (*Repealed—1957*)

【SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing

such assistance will strengthen the security of the United States and promote world peace. No defense support or military equipment and materials shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—(a) No defense support or military equipment and materials shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

[(1) join in promoting international understanding and good will, and maintaining world peace;

[(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

[(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

[(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

[(5) take all reasonable measures which may be needed to develop its defense capacities;

[(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;

[(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;

[(8) maintain the security of any article, service, or information furnished under chapter I;

[(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;

[(10) permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

[(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

[(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

[(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*,

That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

[(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available; *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.]

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

[SEC. 144. SOUTHEAST ASIA.—Assistance under this title or chapter I shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

[TITLE II—DEVELOPMENT LOAN FUND

[SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of

assistance to such people if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climax favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry. The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing. It is the sense of the Congress, that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field.

[SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purpose of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

[(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import

Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

[(c) The Fund shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

[SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961.

[SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

[(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

[(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

[SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Secretary of State, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

[(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

[(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any per-

son, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptance including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.

[(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C.

2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

[(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

[SEC. 206. NATIONAL ADVISORY COUNCIL.—The fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

[TITLE III—TECHNICAL COOPERATION

[SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

[SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means

programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- [(a) pays a fair share of the cost of the program;
- [(b) provides all necessary information concerning such program and gives the program full publicity;
- [(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- [(d) endeavors to make effective use of the results of the program; and
- [(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed \$172,000,000 for use beginning in the fiscal year 1961 to carry out the purposes of this title.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

- [(a) \$33,000,000 for the fiscal year 1961 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, that, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for

such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

[(b) \$1,500,000 for the fiscal year 1961 for contributions to the technical cooperation program of the Organization of American States.

[SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—(a) The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

[(b) The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed \$10,000 from funds made available pursuant to section 304 of this Act may be used to help defray the expenses of such a study.]

SEC. 308 INTERNATIONAL DEVELOPMENT ADVISORY BOARD.— * * *
(Repealed—1960)

[TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

[SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$256,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

[(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

[(c) The President is authorized to use not to exceed \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.]

SEC. 401. UNITED NATIONS EMERGENCY FORCE. The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1961 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.]

SEC. 402. EARMARKING OF FUNDS.— Of the funds authorized to be made available in the fiscal year 1961 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies or the grant of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.

[SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year 1961 not to exceed \$6,750,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.]

[SEC. 404. INDUS BASIN DEVELOPMENT.—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.]

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

[(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.]

(c) There is hereby authorized to be appropriated for the fiscal year 1961 not to exceed \$1,300,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$12,000,000 for the fiscal year 1961 for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$16,500,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. It is the sense of the Congress that the earliest possible rectification should be made of the Palestine refugee rolls in order to assure that only bona fide refugees whose need and eligibility for relief have been certified shall receive aid from the Agency and that the President in determining whether or not to make United States contributions to the Agency should take into consideration the extent and success of efforts by the Agency and the host governments to rectify such relief rolls. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act a report concerning the progress made toward the rectification of the relief rolls as well as toward the repatriation and resettlement of the refugees by the governments directly concerned. Whenever the President shall determine that it would more effectively contribute to the relief, repatriation, and resettlement of Palestine refugees in the Near East he may expend any part of the funds made available pursuant to this section through any other agency he may designate.]

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the

rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than five years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922.)

[SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas, or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points of entry in such nations and areas, on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

[(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

[(c) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$2,000,000 to carry out the purposes of this section.

[(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.]

SEC. 410. CONTROL ACT EXPENSES.—* * * (Repealed—1959)

[SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$40,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

[(c) There are authorized to be appropriated for expenses of the Department of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense

Assistance Control Act of 1951 in such amounts as the President may direct.

[(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.]

SEC. 412. CHINESE AND KOREAN STUDENTS.—* * * (Repealed—1957)

SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—* * * (Repealed—1960)

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

[(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

[(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

[(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

[(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

[(4) may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30,

1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

[(A) such projects shall be approved by the President as furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act, and by the nation concerned;

[(B) the guaranty to any person shall be limited to assuring any or all of the following:

[(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

[(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

[(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

[(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

[(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided, That* in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

[(F) the President is authorized to issue guaranties up to a total face value of \$1,000,000,000 exclusive of informational media guaranties heretofore and hereafter issued pur-

suant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(C)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

[(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act;

[(H) as used in this paragraph—

[(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

[(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

[(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct annual studies to keep the data up to date of the ways and means in which the role of private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus, and to the net position of the United States in its balance of trade with the rest of the world. Such studies shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

[(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof.]

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government

agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

[SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.]

[SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.]

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115(b)(6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

- (1) scholarship exchange between the United States and Ireland;
- (2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry;

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—* * * (Repealed—1956)

SEC. 419. WORLD HEALTH ORGANIZATION.—* * * (Repealed—1957)

[SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,400,000 to carry out the purposes of this section.

[(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

[(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

[SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economy resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II.]

SEC. 421. FOOD AND AGRICULTURE ORGANIZATION.—* * * (Repealed—1957)

[SEC. 421. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose

of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

CHAPTER III—CONTINGENCY FUND

SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$150,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.]

SEC 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;
- (2) for purchase of goods or services in friendly nations;
- (3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;
- (4) for developing new markets on a mutually beneficial basis;
- (5) for grants-in-aid to increase production for domestic needs in friendly countries; and
- (6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of

the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

[(c) It is the sense of the Congress that prompt and careful consideration should be given to participation by the United States in an internationally financed program which would utilize foreign currencies available to the United States to preserve the great cultural monuments of the Upper Nile. Accordingly, the President is requested to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program.]

[SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

[(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

[(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

[(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

[(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

[(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

[SEC. 504. SMALL BUSINESS. —(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to

participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

[(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

[(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

[(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

[(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

[(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible.]

(d) * * * (Repealed—1960)

[SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including, cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

[(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign cur-

rencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

[(1) the term “invention” means an inventory or discovery covered by a patent issued by the United States; and

[(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

[(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

[(1) use within the United States, without authorization by the owner, shall be made of an invention; or

[(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

[(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

[(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

[(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

[SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

[SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

[SEC. 509. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

[SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title I of chapter II of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base or to the net position of the United States in its balance of trade with the rest of the world, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by

grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

[SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under chapter I or title I of chapter II out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

[(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

[(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

[SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530(a) of this Act.

[SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds) and under the last clause of the second sentence of section 404, and copies of any certification as to loyalty under section 531 shall be filed with them.]

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

[SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

[SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142(b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

[SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—(a) After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I, II, or III (except section 306) of chapter II, or section 400(a)—

[(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

[(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis.

[(b) Plans required under this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in Circular A-47 of the Bureau of the Budget with respect to such computations.

[SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413(b)(4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

[(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

[(c) The President shall continue to exercise the powers conferred on him under title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

[SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

[(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a

separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

[(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

[(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

[(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documen-

tation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

[(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

[SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

[(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

[(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.]

(d) Whenever the President determines that the [achievement of United States foreign policy objectives] *prevention of improper currency transactions* in a given country requires it, he may direct the chief of the United States diplomatic mission there to issue regulations applicable to members of the Armed Forces and officers and employees of the United States Government, and to contractors with the United States Government and their employees governing the extent to which their pay and allowances received and to be used in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations.

[SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter I of this Act, the Secretary of Defense shall have primary responsibility for—

- [(1) the determination of military end-item requirements;
- [(2) the procurement of military equipment in a manner which permits its integration with service programs;
- [(3) the supervision of end-item use by the recipient countries;
- [(4) the supervision of the training of foreign military personnel;
- [(5) the movement and delivery of military end-items; and
- [(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

[(b) The establishment of priorities in the procurement, delivery and allocation of military equipment shall be determined by the Secretary of Defense.

[SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

[SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801), or (2) compensation and allowances in accordance with section 527(c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

[SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

[(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed seventy may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed forty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum.

[(c) For the purpose of performing functions under this Act outside the United States, the President may—

[(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the

rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder, including, in all cases, post differentials prescribed under section 433 of the Foreign Service Act, and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

[(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.

[(d) For the purpose of performing functions under this Act outside the United States, the Secretary of State may appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

[(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—

(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided,* That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

[(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

【SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

【(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

【(c) Details or assignments may be made under this section—

【(1) without reimbursement to the United States by the international organization;

【(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

【(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

【(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

【SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be

employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas), while so employed outside the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

[(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160), and regulations issued thereunder

[SEC. 531. SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450, as amended or supplemented, shall apply to the employment under this Act by any agency administering nonmilitary assistance of any citizen or resident of the United States.

[SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530(a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U.S.C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U.S.C. 715), section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530(a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

[(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U.S.C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the

provisions of the Act of June 30, 1932 (5 U.S.C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.]

SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

(9) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

(10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

[SEC. 534. REPORTS.—(a) The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each fiscal year of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

[(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

[SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the

method of furnishing assistance under this Act to any country or the amount thereof.

[(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.]

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

[SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for Chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering non-military assistance, shall be available for:

[(1) rents in the District of Columbia;

[(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

[(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;

[(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

[(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

[(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

[(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

[(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

[(9) insurance of official motor vehicles in foreign countries;

[(10) rental or lease outside the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

[(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

[(12) purchase of uniforms;

[(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

[(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

[(15) ice and drinking water for use abroad;

[(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

[(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage,

and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

[(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

[(b) United States Government agencies are authorized to pay the cost of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

[(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed \$27,750,000 of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$4,250,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

[(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

[(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an

employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

[(f)] During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

[SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

[SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

[(1)] an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

[(2)] the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

[(3)] the Foreign Aid Act of 1947;

[(4)] the Foreign Assistance Act of 1948, as amended, including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

[(5)] the Mutual Defense Assistance Act of 1949, as amended;

[(6)] the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

[(7)] the Far Eastern Economic Assistance Act of 1950, as amended;

[(8)] the Yugoslav Emergency Relief Assistance Act of 1950;

[(9)] the Mutual Security Act of 1951, as amended;

[(10)] the Mutual Security Act of 1952;

[(11)] the Mutual Security Act of 1953;

[(12)] section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U.S.C. 452);

[(13)] section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U.S.C. 165); and

[(14) section 968 of title 18, United States Code.

[(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

[(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).

[SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

[(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

[(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a)(2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

[(d) Funds appropriated pursuant to provisions of this Act repealed subsequent to the time such funds are appropriated shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations.

[SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U.S.C. 841).

[SEC. 545. DEFINITIONS.—For the purposes of this Act—

[(a) The term "commodity" includes any commodity, material, article, supply, or goods.

[(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

[(c) The terms "equipment" and "materials" shall mean any arms ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

[(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

[(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

[(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

[(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

[(h) The term "value" means--

[(1) with respect to any excess equipment or materials furnished under chapter I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

[(2) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

[(3) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

[(4) with respect to any equipment or materials furnished under chapter I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or material) shall mean—

[(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

[(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

[(i) the term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

[(j) The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and any agency to which authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[(k) The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and any officer to whom authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

[(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).

[(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.]

SEC. 547. REDUCTION OF AUTHORIZATIONS.— * * * (Repealed—1957)

[SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.]

SEC. 549. SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.— * * * (Repealed --1959)

[SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

[SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY. The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses: *Provided, however*, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act.]

SEC. 552. ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States.

SECTION 12 OF THE MUTUAL SECURITY ACT OF 1955

AN ACT To amend the Mutual Security Act of 1954, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1955".

* * * * *

[SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.]

SECTIONS 12, 13, AND 14 OF THE MUTUAL SECURITY ACT OF 1956

AN ACT To amend further the Mutual Security Act of 1954, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1956".

* * * * *

[FOREIGN RESEARCH REACTOR PROJECTS

[SEC. 12. (a) As one means of furthering peaceful uses of atomic energy on an international basis, there is hereby authorized to be

appropriated to the President for the fiscal year 1957 not to exceed \$5,950,000 for use by the President, on such terms and conditions as he may specify, for research reactor projects undertaken or authorized by foreign governments which shall have entered into agreements for cooperation with the Government of the United States concerning the peaceful uses of atomic energy.

[(b) Nothing in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954.

[(c) The United States share of the cost of any reactor made available to another government or to other governments under this section shall not exceed \$350,000.

[(d) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of the equipment furnished under this section as may be appropriately die-stamped as a product of the United States shall be so stamped.

[Sec. 13. It is the sense of Congress that not to exceed \$11,000,000 of the funds made available pursuant to the Mutual Security Act of 1954, as amended, for the fiscal year 1957 be transferred, in the discretion of the President, to the Department of State to carry out international educational exchange activities. Such amount is authorized to be transferred to and consolidated with funds made available to the Department of State for the fiscal year 1957 for the activities authorized by the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1431-1479), and by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)). The amount transferred pursuant to this section shall be in addition to funds otherwise appropriated for such activities, and not to exceed \$500,000 of the amount so transferred may be used for administrative expenses.

[Sec. 14. It is the sense of Congress that in the preparation of the mutual security program, the President should take fully into account the desirability of affirmatively promoting the economic development of under-developed countries, both as a means of effectively counteracting the increased political and economic emphasis of Soviet foreign policy and as a means of promoting fundamental American foreign policy objectives of political and economic self-determination and independence.]

SECTION 503 OF THE MUTUAL SECURITY ACT OF 1958

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1958".

* * * * *

[COOPERATION IN WESTERN HEMISPHERE

[SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.]

**SECTION 108 OF THE MUTUAL SECURITY APPROPRIATION
ACT, 1959**

AN ACT Making appropriations for Mutual Security for the fiscal year ending June 30, 1959, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1959, namely:

MUTUAL SECURITY

* * * * *
[SEC. 108. Not to exceed 50 per centum of the foreign currencies heretofore generated in any country under section 402 of the Mutual Security Act of 1954, as amended, may, notwithstanding prior provisions of law, hereafter be used in accordance with the provisions of that section: *Provided,* That quarterly reports of the use of foreign currencies pursuant to this section shall be submitted to the Committees on Appropriations of the Senate and House of Representatives.]

This Act may be cited as the "Mutual Security Appropriation Act, 1959".

**SECTION 501(a), CHAPTER VI, AND SECTIONS 702 AND 703
OF THE MUTUAL SECURITY ACT OF 1959, AS AMENDED**

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1959".

* * * * *
**CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO
PLAN COUNCIL FOR TECHNICAL COOPERATION**

INTERNATIONAL COOPERATION IN HEALTH

[SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas

to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.]

* * * * *

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

[(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

[(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.]

CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

AMENDMENTS TO OTHER LAWS

SEC. 701. * * *

[EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE

[SEC. 702. There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

[UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

[SEC. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.]

SECTION 604 AND CHAPTER VIII OF THE MUTUAL SECURITY ACT OF 1960

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1960".

* * * * *

CHAPTER VI—AMENDMENTS TO OTHER LAWS

* * * * *

【SEC. 604. The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of the United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such study.】

CHAPTER VII—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE
BETWEEN EAST AND WEST

* * * * *

【CHAPTER VIII—HEMISPHERE CENTER FOR CULTURAL AND
TECHNICAL INTERCHANGE

【STATEMENT OF PURPOSE

【SEC. 801. The purpose of this chapter is to promote better relations and understanding between the United States and the other nations of the Western Hemisphere (hereinafter referred to as “the Hemisphere”) through cooperative study and research, by establishing in Puerto Rico a Hemispheric Center for Cultural and Technical Interchange, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the Hemisphere may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

【ESTABLISHMENT OF CENTER

【SEC. 802. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as “Secretary”), after consultation with appropriate public and private authorities, may, on or before January 3, 1961, prepare and submit to the Congress a plan and program for—

【(1) the establishment and operation in Puerto Rico of an educational institution to be known as the Hemispheric Center for Cultural and Technical Interchange through arrangements to be made with public, educational, or other nonprofit institutions;

【(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the Hemisphere as may be necessary to attract such scholars and authorities to the Center;

【(3) grants, scholarships, and other payments to qualified candidates from the nations of the Hemisphere as may be necessary to enable such students to engage in study at the Center; and

[(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.]

SECTION 305 OF THE MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951

AN ACT To provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Control Act of 1951".

TITLE I—WAR MATERIALS

* * * * *

TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

* * * * *

[SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, Eightieth Congress), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Congress), are repealed.]

SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act.

SECTION 104(e) OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

* * * * *

TITLE I—SALES FOR FOREIGN CURRENCY

* * * * *

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organiza-

tions of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

* * * * *

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by [the Export-Import Bank] *such agency as the President shall direct* for loans mutually agreeable to said [bank] *agency* and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.*

SECTION 5 OF THE MIDDLE EAST RESOLUTION

JOINT RESOLUTION To promote peace and stability in the Middle East.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be and hereby is authorized to cooperate with and assist any nation or group of nations in the general area of the Middle East desiring such assistance in the development of economic strength dedicated to the maintenance of national independence.

* * * * *

SEC. 5. The President shall [within the months of January and July of each year] *whenever appropriate* report to the Congress his action hereunder.

SEC. 6. This joint resolution shall expire when the President shall determine that the peace and security of the nations in the general area of the Middle East are reasonably assured by international conditions created by action of the United Nations or otherwise except that it may be terminated earlier by a concurrent resolution of the two Houses of Congress.

SECTION 5(f) OF THE INTERNATIONAL HEALTH RESEARCH ACT OF 1960

JOINT RESOLUTION To establish a National Institute for International Health and Medical Research, to provide for international cooperation in health research, research training, and research planning, and for other purposes.

Whereas it is recognized that disease and disability are the common enemies of all nations and peoples, and that the means, methods,

and techniques for combating and abating the ravages of disease and disability and for improving the health and health standards of man should be sought and shared, without regard to national boundaries and divisions; and

Whereas advances in combating and abating disease and in the positive promotion of human health can be stimulated by supporting and encouraging cooperation among scientists, research workers, and teachers on an international basis, with consequent benefit to the health of our people and of all peoples; and

Whereas there already exist tested means for international cooperation in matters relating to health, including the World Health Organization, the Pan American Health Organization, and the United Nations Children's Fund (UNICEF), with which the United States is identified and associated, and it is highly desirable that the United States establish domestic machinery for the maximum mobilization of its health research resources, the more efficiently to cooperate with and support the research, research-training and research-planning endeavors of such international organizations: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This joint resolution may be cited as the "International Health Research Act of 1960".

* * * * *

AUTHORITY OF PRESIDENT

SEC. 5. (a) It is the sense of Congress that the President should use his authority under the Constitution and laws of the United States to accomplish the purposes of section 2 of this joint resolution and in accomplishing such purposes (1) use to the fullest extent practicable foreign currencies or credits available for utilization by the United States, (2) enter into agreements to use foreign currencies and credits available to other nations for use with the agreement of the United States, and (3) use any other foreign currencies and credits which may be made available by participating foreign countries.

* * * * *

(f) The President may delegate any authority vested in him by this section to the Secretary of Health, Education, and Welfare. The Secretary may from time to time issue such regulations as may be necessary to carry out any authority which is delegated to him under this section, and may delegate performance of any such authority to the Surgeon General of the Public Health Service, the Director of the Office of Vocational Rehabilitation, the Chief of the Children's Bureau or other subordinates acting under his direction. *The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate.*

LATIN AMERICA AND CHILE DEVELOPMENT AND RECONSTRUCTION ASSISTANCE

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

FOREIGN ASSISTANCE ACT OF 1961

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourages the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed \$500,000,000, which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000, which shall remain available until expended, for use, in addition to other funds available for such pur-

poses, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

SEC. 4. Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period "": *Provided, however, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act*".

GENERAL PROVISION

Sec. 4. Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

SECTION 203 OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

DISPOSAL OF SURPLUS PROPERTY

SEC. 203. (a) Except as otherwise provided in this section, the Administrator shall have supervision and direction over the disposition of surplus property. Such property shall be disposed of to such extent, at such times, in such areas, by such agencies, at such terms and conditions, and in such manner, as may be prescribed in or pursuant to this Act.

(b) The care and handling of surplus property, pending its disposition, and the disposal of surplus property, may be performed by the General Services Administration or, when so determined by the Administrator, by the executive agency in possession thereof or by any other executive agency consenting thereto.

(c) Any executive agency designated or authorized by the Administrator to dispose of surplus property may do so by sale, exchange, lease, permit, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Administrator deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this title.

(d) A deed, bill of sale, lease, or other instrument executed by or on behalf of any executive agency purporting to transfer title or any other interest in surplus property under this title shall be conclusive evidence of compliance with the provisions of this title insofar as concerns title or other interest of any bona fide grantee or transferee for value and without notice of lack of such compliance.

(e)(1) All disposals or contracts for disposal of surplus property (other than by abandonment, destruction, donation, or through contract brokers) made or authorized by the Administrator shall be made after publicly advertising for bids, under regulations prescribed by

the Administrator, except as provided in paragraphs (3) and (5) of this subsection.

(2) Whenever public advertising for bids is required under paragraph (1) of this subsection--

(A) the advertisement for bids shall be made at such time previous to the disposal or contract, through such methods, and on such terms and conditions as shall permit that full and free competition which is consistent with the value and nature of the property involved;

(B) all bids shall be publicly disclosed at the time and place stated in the advertisement;

(C) award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government, price and other factors considered: *Provided*, That all bids may be rejected when it is in the public interest to do so.

(3) Disposals and contracts for disposal may be negotiated, under regulations prescribed by the Administrator, without regard to paragraphs (1) and (2) of this subsection but subject to obtaining such competition as is feasible under the circumstances, if--

(A) necessary in the public interest during the period of a national emergency declared by the President or the Congress, with respect to a particular lot or lots of personal property or, for a period not exceeding three months, with respect to a specifically described category or categories of personal property as determined by the Administrator;

(B) the public health, safety, or national security will thereby be promoted by a particular disposal of personal property;

(C) public exigency will not admit of the delay incident to advertising certain personal property;

(D) the personal property involved is of a nature and quantity which, if disposed of under paragraphs (1) and (2) of this subsection, would cause such an impact on an industry or industries as adversely to affect the national economy, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;

(E) the estimated fair market value of the property involved does not exceed \$1,000;

(F) bid prices after advertising therefor are not reasonable (either as to all or some part of the property) or have not been independently arrived at in open competition;

(G) with respect to real property only, the character or condition of the property or unusual circumstances make it impractical to advertise publicly for competitive bids and the fair market value of the property and other satisfactory terms of disposal can be obtained by negotiation;

(H) the disposal will be to States, Territories, possessions, political subdivisions thereof, or tax-supported agencies therein, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiations;

(I) otherwise authorized by this Act or other law.

(4) Disposals and contracts for disposal of surplus real and related personal property through contract realty brokers employed by the Administrator shall be made in the manner followed in similar com-

mercial transactions under such regulations as may be prescribed by the Administrator: *Provided*, That such regulations shall require that wide public notice of availability of the property for disposal be given by the brokers.

(5) Negotiated sales of personal property at fixed prices may be made by the Administrator either directly or through the use of disposal contractors without regard to the limitations set forth in paragraphs (1) and (2) of this subsection: *Provided*, That such sales shall be publicized to the extent consistent with the value and nature of the property involved, that the prices established shall reflect the estimated fair market value thereof, and that such sales shall be limited to those categories of personal property as to which the Administrator determines that such method of disposal will best serve the interests of the Government.

(6) Except as otherwise provided by this paragraph, an explanatory statement of the circumstances of each disposal by negotiation of any real or personal property having a fair market value in excess of \$1,000 shall be prepared. Each such statement shall be transmitted to the appropriate committees of the Congress in advance of such disposal, and a copy thereof shall be preserved in the files of the executive agency making such disposal. No such statement need be transmitted to any such committee with respect to any disposal of personal property made under paragraph (5) at a fixed price, or to property disposals authorized by any other provision of law to be made without advertising.

(7) Section 3709, Revised Statutes, as amended (41 U.S.C. 5), shall not apply to disposals or contracts for disposal made under this subsection.

(f) Subject to regulations of the Administrator, any executive agency may authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventory.

(g) The Administrator, in formulating policies with respect to the disposal of surplus agricultural commodities, surplus foods processed from agricultural commodities, and surplus cotton or woolen goods, shall consult with the Secretary of Agriculture. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(h) Whenever the Secretary of Agriculture determines such action to be required to assist him in carrying out his responsibilities with respect to price support or stabilization, the Administrator shall transfer without charge to the Department of Agriculture any surplus agricultural commodities, foods, or cotton or woolen goods to be disposed of. Receipts resulting from disposal by the Department of Agriculture under this subsection shall be deposited pursuant to any authority available to the Secretary of Agriculture, except that net proceeds of any sale of surplus property so transferred shall be credited pursuant to section 204(b), when applicable. Surplus farm commodities so transferred shall not be sold, other than for export, in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation.

(i) The United States Maritime Commission shall dispose of surplus vessels of one thousand five hundred gross tons or more which the

Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

(j)(1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate without cost (except for costs of care and handling) for use in any State for purposes of education, public health, or civil defense, or for research for any such purpose, any equipment, materials, books, or other supplies (including those capitalized in a working capital or similar fund) under the control of any executive agency which shall have been determined to be surplus property and which shall have been determined under paragraph (2), (3), or (4) of this subsection to be usable and necessary for any such purpose. In determining whether property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established under section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property. No such property shall be transferred for use within any State except to the State agency designated under State law for the purpose of distributing, in conformity with the provisions of this subsection, all property allocated under this subsection for use within such State.

(2) In the case of surplus property under the control of the Department of Defense, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities which are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools. If such Secretary shall determine that such property is usable and necessary for such purposes, he shall allocate it for transfer by the Administrator to the appropriate State agency for distribution to such educational activities. If he shall determine that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph (3) or paragraph (4) of this subsection.

(3) Determination whether such surplus property (except surplus property allocated in conformity with paragraph (2) of this subsection) is usable and necessary for purposes of education or public health, or for research for any such purpose, in any State shall be made by the Secretary of Health, Education, and Welfare, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator to such State agency for distribution to (A) tax-supported medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities, and (B) other non-profit medical institutions, hospitals, clinics, health centers, schools, colleges, and universities which are exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954. No such property shall be transferred to any State agency until the Secretary of Health, Education, and Welfare has received, from such State agency, a certification that such property is usable and needed for educational or public health purposes in the State, and until the Secretary has determined that such State agency has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property.

(4) Determination whether such surplus property (except surplus property allocated in conformity with paragraph (2) of this subsec-

tion) is usable and necessary for civil defense purposes, including research, in any State shall be made by the Federal Civil Defense Administrator, who shall allocate such property on the basis of need and utilization for transfer by the Administrator of General Services to such State agency for distribution to civil defense organizations of such State, or political subdivisions and instrumentalities thereof, which are established pursuant to State law. No such property shall be transferred until the Federal Civil Defense Administrator has received from such State agency a certification that such property is usable and needed for civil defense purposes in the State, and until the Federal Civil Defense Administrator has determined that such State agency has conformed to minimum standards of operation prescribed by the Federal Civil Defense Administrator for the disposal of surplus property. The provisions of sections 201(b), 401(c), 401(e), and 405 of the Federal Civil Defense Act of 1950, as amended, shall apply to the performance by the Federal Civil Defense Administrator of his responsibilities under this section.

(5) The Secretary of Health, Education, and Welfare and the Federal Civil Defense Administrator may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of personal property donated under paragraph (3) or paragraph (4), respectively, of this subsection which has an acquisition cost of \$2,500 or more.

(6) The term "State", as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(k)(1) Under such regulations as he may prescribe, the Administrator is authorized, in his discretion, to assign to the Secretary of Health, Education, and Welfare for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the Secretary of Health, Education, and Welfare as being needed for school, classroom, or other educational use, or for use in the protection of public health, including research.

(A) Subject to the disapproval of the Administrator within thirty days after notice to him by the Secretary of Health, Education, and Welfare of a proposed transfer of property for school, classroom, or other educational use, the Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, may sell or lease such real property, including buildings, fixtures, and equipment situated thereon for educational purposes to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions and to other nonprofit educational institutions which have been held exempt from taxation under section 101(6) of the Internal Revenue Code.

(B) Subject to the disapproval of the Administrator within thirty days after notice to him by the Secretary of Health, Education, and Welfare of a proposed transfer of property for public-health use, the Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, may sell or lease such real property for public-health purposes, including research, to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals

or other similar institutions not operated for profit which have been held exempt from taxation under section 101(6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the Secretary of Health, Education, and Welfare shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(D) "States" as used in this subsection includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(2) Subject to the disapproval of the Administrator within thirty days after notice to him of any action to be taken under this subsection--

(A) The Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and tax-supported and other nonprofit educational institutions, for school, classroom, or other educational use;

(B) the Secretary of Health, Education, and Welfare, through such officer or employees of the Department of Health, Education, and Welfare as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States political subdivisions and instrumentalities thereof, tax-supported medical institutions, and to hospitals and other similar institutions not operated for profit, for use in the protection of public health (including research);

(C) the Secretary of the Interior, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and municipalities for use as a public park, public recreational area, or historic monument for the benefit of the public;

(D) the Secretary of Defense, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, to States, political subdivisions, and tax-supported instrumentalities thereof for use in the training and maintenance of civilian components of the armed forces.

(E) the Federal Civil Defense Administrator, in the case of property transferred pursuant to this Act to civil defense organizations of the States or political subdivisions or instrumentalities thereof which are established by or pursuant to State law, is authorized and directed--

(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in any instrument by which such transfer was made;

(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformatory, or amendatory instrument where necessary to correct such instrument or to conform such transfer to the requirements of applicable law; and

(iii) to (I) grant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quitclaim, or release to the transferee or other eligible user any right or interest reserved to the United States by, any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, or that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: *Provided*, That any such release, conveyance, or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

(l) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate to the American National Red Cross, for charitable purposes, such property, which was processed, produced, or donated by the American National Red Cross, as shall have been determined to be surplus property.

(m) The Administrator is authorized to take possession of abandoned and other unclaimed property on premises owned or leased by the Government, to determine when title thereto vested in the United States, and to utilize, transfer or otherwise dispose of such property. Former owners of such property upon proper claim filed within three years from the date of vesting of title in the United States shall be paid the proceeds realized from the disposition of such property or, if the property is used or transferred, the fair value therefor as of the time title was vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator.

(n) For the purpose of carrying into effect the provisions of subsections (j) and (k), the Secretary of Health, Education, and Welfare, the Federal Civil Defense Administrator, and the head of any Federal agency designated by either such officer, are authorized to enter into cooperative agreements with State surplus property distribution agencies designated in conformity with paragraph (1) of subsection (j). Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out any such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization.

(o) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property disposed of under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated or disposed of during the first calendar quarter which begins after the enactment of this subsection.

(p) *In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator.*

